

Chesterfield Borough Council

Statement of Accounts
2013/14
(Subject to Audit)



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EXPLANATORY FOREWORD

The purpose of this foreword is to provide a guide to the most significant matters that are reported in the accounts. The pages that follow are the Council's final accounts for 2013/14 and comprise:

Movement in Reserves Statement (MIRS) – provides a summary of the changes that have taken place in the 'reserves' section of the Balance Sheet over the financial year as a result of incurring expenditure and generating income, movements in the fair value of assets and movements in reserves that will affect the availability of resources to the authority.

Comprehensive Income & Expenditure Statement (CIES) – This reports the cost for the year of providing the services for which the Council is responsible rather than the amount to be funded from taxation. The taxation position is shown in the Movement in Reserves Statement.

Balance Sheet – This explains the Council's year-end financial position. It shows the balances and reserves at the Council's disposal and its long term indebtedness, the net current assets employed in its operations, and summarised information on the non-current assets held.

Cash Flow Statement – This summarises the inflows and outflows of cash arising from both revenue and capital transactions with third parties.

Statement of Accounting Policies – This explains the basis of the figures in the accounts. The accounts can be properly appreciated only if the policies, which have been followed in dealing with material items are explained.

Housing Revenue Account (HRA) – This reflects a statutory obligation to account separately for local authority housing provision. It shows the major elements of housing revenue expenditure – maintenance, administration and capital financing costs – and how these are met by rents and other income.

Collection Fund – This shows the transactions of the Council as a billing authority in relation to the collection from taxpayers and distribution to Local Authorities and the Government.

Direct Service Organisation (DSO) Revenue Accounts – The statutory obligation to account separately for Direct Service Organisations' operations no longer exists but the Council has decided to maintain separate trading accounts for on-going contracts. The accounts show income, expenditure and surplus for each DSO.

Capital expenditure - has to have a life beyond one year and is financed by loans, capital receipts, capital grants and reserves. The financing of capital expenditure from loans is charged to revenue over a period set in accordance with statutory guidance.

Revenue spending - is generally on items that are consumed within the year and is financed from the Council Tax, government grants and other income.

CHANGES TO THE STATEMENT OF ACCOUNTS

The Statement of Accounts is prepared using the Code of Practice on Local Authority Accounting in the United Kingdom (the Code), which defines proper accounting practices for local authorities in England.

There have been two significant changes introduced for 2013/14.

The Local Government Finance Act 2012 introduced a business rates retention scheme that enabled local authorities to retain a proportion of the business rates generated in their area from 2013/14 onwards. The Collection Fund statement shows the surplus or deficit position individually for both Council Tax and Non Domestic Rate income. Previously, the final position on this statement related only to Council Tax as all business rates collected were paid over to central government. The Council's share of Council Tax and Non Domestic Rates are included in the Comprehensive Income & Expenditure Statement.

The adoption of the 2011 amendments to IAS 19 in the Code for 2013/14 has necessitated a change in accounting policy on the Defined Benefit Pension Scheme. It introduces new classes of components of defined benefit cost to be recognised in the financial statements and new definitions or recognition criteria for service costs and termination benefits. The pension fund actuary has stated that these changes have no impact on previous years balance sheets. However, changes have been made to the Comprehensive Income & Expenditure Statement, the Movement in Reserves Statement and the Cashflow Statement as a result. Comparative figures for previous years have been restated in the notes to the accounts where required. Further details are provided in Note 62.

SUMMARY OF THE FINANCIAL YEAR

2013/14 Budget Process

Before the start of the 2013/14 financial year the Council produced a three-year budget forecast as part of the budget and council tax setting process. The major funding sources for the General Fund are Government grant, fees & charges, rental income from the Council's extensive industrial & commercial property portfolio and the council tax. The first three funding sources were under severe pressure and the Government sought to tightly regulate the fourth.

2013/14 also saw the introduction of a major change to the way in which Government support is provided. A major element of the former Government grant funding was replaced with income from the Business Rates Retention Scheme. The scheme is designed to encourage local authorities to grow the Business Rates tax base as they are now able to retain a share of any growth.

The grant income from the Government and the retained business rates income provide around two thirds of the General Fund Budget requirement with the remaining third coming from the Council Tax. The funding scene had been set in 2010 by the Government's austerity plan to tackle the national budget deficits.

The Provisional Grant Settlement for 2013/14 was announced late in December 2012, with the final settlement being confirmed in early February 2013. The cut in the Councils funding (Government grant and assumed Business Rates income) was £374k or 5%.

Also, the economic downturn put pressure on the Council's budgets, particularly income budgets such as investment returns, property rents, car parking, leisure facilities charges, etc.

When the budget for 2013/14 was set in February 2013 there was still a deficit of £868k to be found from savings in the year. Throughout the year a lot of activity went into finding savings through the Council's business transformation programme, "Great Place:Great Service". The programme aims to deliver savings from a wide range of initiatives including reviews of asset management, workforce, customer services, ICT and service delivery.

The Council Tax was increased by £5 or 3.6% per annum on the Band 'D' tax for the borough services, taking it to £144.89. The £5 increase was a concession allowed by the Government for authorities whose Council Tax was in the lower quartile (lowest 25%) for their type of authority (e.g. shire district council). The Budget was set at £11.3 million and financed as follows:

	Amount £'000	Proportion of total
Government Funding (Revenue Support Grant, retained business rates and other grants)	7,377	65%
Collection Fund Deficit	(11)	-
Council Tax	3,934	35%
Total Budget (after savings target)	11,300	100%

Budget Issues Arising During 2013/14

2013/14 proved to be another challenging year in terms of budget management.

The forecast deficit reduced from £234k at the start of 2013/14 to £111k when revised budgets were approved in February 2014. The most significant budget variances, both increases and decreases, reported at the revised budget stage included:

Budget Savings - reduced expenditure/increased income:

Staffing savings £213k

Revenues & Benefits £194k

Income from commercial/industrial rents £176k

Budget Increases - increased expenditure/reduced income:

Car parking income below budget £277k

Market/Market Hall £141k

This improvement to the budget position was in addition to achievement of the savings target of £635k required for 2013/14.

Revenue Budget Outturn

The position at the end of the year was a surplus of £193k which was transferred to reserves (see the table below). The main reasons for the increased surplus compared to the Quarter 3 forecast deficit of £111k included:

- Increased income from car parking (£65k);

- Reduced costs in Revenues & Benefits (£82k);
- Reduced costs in Leisure facilities e.g. Sports Centres & Winding Wheel (£85k);
- Reduced costs of Market Hall (£39k);
- Reduced cost of homelessness (£47k);
- Reduced rental income from town centre properties (£45k);
- Net of all other variances (£31k).

Set out below is a summary of the outturn for 2013/14 based on the 'Portfolio' structure which is used for internal management and reporting purposes.

Table: 2013/14 General Fund - Comparison of outturn with the original budget

	Original Budget £000	Actual £000	Variance £000
<u>Portfolios:</u>			
Leader & Regeneration	465	427	(38)
Deputy Leader & Planning	(1,199)	(13,401)	(12,202)
Environment	5,205	5,945	740
Housing	1,703	1,026	(677)
Leisure, Culture & Tourism	3,183	6,830	3,647
Governance & Organisational Development	3,491	3,156	(335)
Customers & Communities	1,881	1,510	(371)
Portfolio Net Expenditure	14,729	5,493	(9,236)
Transformation Savings*	(635)	-	635
Direct Service Organisations (surplus)/deficit	(38)	(72)	(34)
Other - Non-Portfolio Expenditure/(Income)	(194)	(90)	104
Service Expenditure	13,862	5,331	(8,531)
Interest & Capital Charges	(2,098)	6,780	8,878
Other Government Grants	(23)	(552)	(529)
Business Rates Growth	-	(47)	(47)
New Homes Bonus	(298)	(376)	(78)
Transfer to/(from) Reserves	23	(97)	(120)
Surplus/(Deficit) to/(from) Budget Risk Reserve	(234)	193	427
Total Expenditure	11,232	11,232	-

* The effect of the transformation savings achieved during the year is reflected in the actual individual portfolio totals.

The General Fund Working Balance was maintained at £1.75m during 2013/14.

The Movement in Reserves Statement and Comprehensive Income & Expenditure Statement on page 17 and 19 presents this same information but in the format specified by the Code for external reporting purposes. A subjective analysis of this statement forms part of note 54 on page 81.

Housing Revenue Account

The Council continues to be the major provider of rental accommodation in the Borough, with 9,592 dwellings. All income and expenditure relating to the landlord function of providing council housing must be accounted for within a ring-fenced account called the Housing Revenue Account (HRA). The ring-fencing means that the account cannot be used to subsidise other Council activities and similarly other activities cannot be used to subsidise the HRA.

The HRA for 2013/14 is set out on pages 91 to 97 and shows an increase to the HRA balance of £4,219,037 due mainly to slippage in the capital programme financed from revenue.

Direct Service Organisations

Although the Compulsory Competitive Tendering legislation ceased to apply from April 2000 the Council has continued to run its direct service operations under previously agreed contract arrangements. The Council operated four Direct Service Organisations (DSO's) and a P.V.C.U. Window Manufacturing Unit during 2013/14. A summary of their financial performance is shown on page 102.

Full reports on individual D.S.O.s are separately produced and may be obtained from the Head of Finance.

Capital Spending in 2013/14

A summary of the capital expenditure and financing is shown in Note 23 to the core financial statements (page 61).

Capital expenditure on General Fund services totalled £6.7m. The main projects included:

- ◆ Market Hall refurbishment - £3.4m
- ◆ Eastwood Park restoration - £0.4m
- ◆ Queens Park Sports Centre - £0.5m
- ◆ Land acquisition (former Fire Station site) - £0.6m
- ◆ House Renovation, Disabled Facilities and Decent Homes Grants - £0.7m
- ◆ Vehicles, Machinery & Information Technology - £0.4m
- ◆ Depot refurbishment - £0.3m
- ◆ Other - £0.4m

A large proportion of the General Fund Capital Programme is funded from grants and contributions, £2.5m in 2013/14. The remainder was financed from capital receipts (£0.5m), reserves (£1.1m) unsupported borrowing (£0.5m) and temporary borrowing (£2.1m).

Capital expenditure on Council Housing, aimed particularly at bringing dwellings up to the decent homes standard, was £12.8m of which £9.1m was financed from the Major Repairs Reserve, £1.3m from capital receipts, £0.1m from reserves and £2.3m from grants and contributions.

Total long-term debt outstanding at the end of the year amounted to £138.3m. This should be viewed in relation to the Council's assets which have a net book value of £403m.

The approved capital programme for the next three years will be financed from earmarked reserves, anticipated capital receipts, grants and, where the schemes are of an 'invest-to-save' type, prudential borrowing.

Pension Costs

The Balance Sheet shows the Pension Fund deficit as a Pension Reserve (£55.8m) which is matched by an equal and opposite entry on the other side of the balance sheet described as the Pension Scheme Assets/Liabilities.

The reduction of this deficit will be addressed in future re-valuations of the fund and by the revision of employer's contributions. Changes to the Local Government Pension Scheme are due to be introduced in April 2014 which is intended to make the scheme more affordable.

Reserves & Balances

The Council has maintained its revenue working balances at £1.75m for the General Fund to recognise the increased risks it faces due to the major changes to the system of Local Government finance in April 2013 including Business Rate retention and Localisation of Council Tax support. There is a balance of £12.5m on the Housing Revenue Account at the year-end. In addition, the Council has set money aside in a number of earmarked reserves to meet planned future commitments. The earmarked reserves include £1.0m as a provision for significant revenue budget risks, £0.4m in an Invest to Save fund and £1.2m in a Service Improvement Reserve. (page 43).

Medium Term Outlook

The Council continues to face some significant financial pressures over the medium term as the period of austerity continues, possibly through to 2020.

The last published Local Government Grant Settlement covered only two years, 2014/15 and 2015/16. The cut in the Council's Settlement for 2014/15 was £1.0m or 16%, with a further cut of £1.0m or 19% in 2015/16.

The economic downturn continues to create budget pressures in other areas of the Council's activities. The main pressures include a low level of income from investment returns, property related activities (land charges, planning fees and rents) and discretionary spend areas such as leisure facilities. The revised budget forecasts for the next five years attempt to reflect these pressures but they are difficult to predict. The key income sources will, therefore, be actively monitored throughout the financial year to enable corrective action to be taken at the earliest opportunity.

The medium term budget forecast produced in February 2014 shows a savings target of £0.6m in 2014/15 which increases to £2.8m by 2018/19. In order to deliver the required savings, the Council is implementing a transformation programme, under the banner "Great Place:Great Service" (as described above) which will systematically review the whole organisation.

The forecasts produced in the Medium Term Financial Plan include assumptions about future pay awards, inflation, investment returns, council tax increases, transformation savings etc, but there are also a number of other budget risks and uncertainties that cannot be quantified at this stage, including:

- a) The outcome of the Contingent Liability issues as described in Note 61 (page 88);
- b) The impact of successful back-dated valuation appeals on the Retained Business Rates income in future years;
- c) Central Government changes to key funding sources such as the New Home Bonus, Local Council Tax Support and Business Rates Retention schemes.

The implications of these risks will be reviewed on a regular basis as more detail and evidence becomes available.

Further Information

This Statement of Accounts provides the financial information for the year. A Corporate Plan has also been developed setting out the Councils' priorities for next year. Copies of this document are available from council buildings and on our website.

Further information about the accounts is available from the Head of Finance and interested members of the public have a statutory right to inspect the accounts prior to audit. The dates on which the accounts are available for inspection are advertised annually in the local press and on the Council's website.

**B. DAWSON CPFA
HEAD OF FINANCE**

**M. RAYNER
CHAIR OF STANDARDS AND AUDIT COMMITTEE**

RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has responsibility for the administration of those affairs. In this authority, that officer is the Head of Finance;
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- To approve the Statement of Accounts.

The Head of Finance's Responsibilities

The Head of Finance is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Head of Finance has:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Local Authority Code;
- Kept proper accounting records which were up-to-date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

HEAD OF FINANCE'S CERTIFICATE

I certify that the accounts set out on pages 16 - 102 gives a true and fair view of the financial position of the Council at the reporting date and of its income and expenditure for the year ended 31st March 2014.

**B.DAWSON CPFA
HEAD OF FINANCE**

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

Chesterfield Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

Chesterfield Borough Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA / SOLACE Framework *Delivering Good Governance in Local Government*. This Statement explains how the Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2011 4(3), which requires all relevant bodies to prepare an annual governance statement.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Council for the year ended 31st March 2014 and up to the date of approval of the statement of accounts.

The Governance Framework

The key elements of the systems and processes that comprise the Council's governance framework are as follows:-

Chesterfield Borough Council identifies and communicates the authority's vision of its purpose and intended outcomes for citizens and service users via its Corporate Plan and

Vision statement which were updated in February 2014. The Corporate Plan consists of 3 priorities:-

To make Chesterfield a thriving borough
To improve the quality of life for local people
To provide value for money services

The plan sets out 5 key projects for 2014/15:-

- To complete the first year of the Great Place, Great Service programme to transform the way we deliver council services.
- To begin work on building the new Queen's Park Sports Centre.
- To begin the first phase of the Chesterfield Waterside regeneration scheme.
- To deliver the Decent Homes Standard for council homes.
- To build Parkside Sheltered Housing Scheme.

The Council's values have also been refreshed and reflect the way the council wants to achieve its vision, these are:-

Customer focused: delivering great customer service, meeting customer needs

Can do: striving to make a difference by adopting a positive attitude

One council, one team: proud of what we do, working together for the greater good

Honesty and respect: embracing diversity and treating everyone fairly

The Corporate Plan is cascaded down through, managers meetings, performance management system, service plans, team plans, performance clinics, budgets and employee development reviews. This flow ensures that resources are utilised for the achievement of the Council's Corporate Plan and vision.

The Council works with a number of partnerships to deliver its aims and regularly reviews these partnerships. There is a partnership protocol and toolkit in place. Where the Council has entered into partnership arrangements it seeks to ensure that these promote the Council's vision of its purpose and intended outcomes for citizens and service users and that they are subject to appropriate governance and performance management arrangements. One of the Council's significant partnerships is the Sheffield City Region Local Enterprise Partnership for which there is an inter authority agreement in place. This agreement requires all constituent members to share in any liability incurred by the accountable body which is Sheffield City Council.

The best use of resources and value for money are obtained by scrutiny reports and reviews, reviewing service performance, benchmarking, monitoring budgets and ensuring good procurement practice. The council is in the process of developing a benefits optimisation tool that will identify the priority areas for efficiency reviews. This includes a benchmarking section. Value for money is included in performance clinics and lean reviews are taking place.

Chesterfield Borough Council has a formal constitution in place that sets out how it operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. In addition, the constitution sets out the roles and responsibilities of Members and Senior Managers.

The Cabinet is the part of the authority which is responsible for most day to day decisions. There are 3 overview and scrutiny committees which support the work of the Council by scrutinising the decisions made. The Standards and Audit Committee are responsible for maintaining and promoting high standards of conduct and for considering the effectiveness of the Council's risk management arrangements and the control environment. The Committee also reviews reports from internal and external audit and other inspection agencies and seeks assurance that action has been taken where necessary.

Formal Codes of Conduct are in place for Members and Officers and are available on the intranet and form part of induction procedures. To further enhance these high standards the Council has in place a comments, complaints and compliments procedure, a Customer Services Charter, an Anti Fraud, Bribery and Corruption policy and a Confidential Reporting (whistle blowing) Code.

In order to ensure compliance with relevant laws and regulations, internal policies and procedures Chesterfield Borough Council has a comprehensive induction policy and provides training for staff and Members on a regular basis. The Constitution is underpinned by legal references. Training needs are identified through Member and employee performance and development reviews and continuous professional development is encouraged. Policies are readily available on the intranet.

Chesterfield Borough Council has a risk management strategy, a risk management group and risk is considered as part of all Cabinet reports. The corporate risk register and service risk registers are regularly reviewed and appropriate training is provided.

The Council has a suitably qualified Business Transformation section and a Business Transformation Strategy.

The Chief Executive is the designated Head of Paid Service, with the statutory responsibility for the overall review of the Council's staffing and operation. The performance management system ensures that the Chief Executive is monitored for performance in the delivery of political priorities which are in turn monitored and measured across all staff. The Council's Monitoring Officer is a Member of the Corporate Management team and suitably qualified.

The Chief Financial Officer is professionally qualified and experienced to undertake their roles and responsibilities. The Chief Financial Officer is a key member of the Corporate Management team and leads and directs a finance function that is fit for purpose. The Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

Internal Audit is provided on a Consortium basis for Bolsover District Council, North East Derbyshire District Council and Chesterfield Borough Council. The Internal Audit function operates in accordance with the Public Sector Internal Audit Standards. The Head of Internal Audit is a Senior Manager, professionally qualified and leads an appropriately resourced and experienced audit team.

Chesterfield Borough Council has a variety of means of communicating with all sections of the community and stakeholders including the Community Engagement Strategy, the

Council's website, the publication of "Your Chesterfield" three times a year and Community Assemblies.

Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the head of internal audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The processes that have been applied in maintaining and reviewing the effectiveness of the governance framework include:

- Internal audit reviews of systems and procedures in accordance with the agreed internal audit plan
- Annual review of the Council's Code of Corporate Governance
- Monitoring Officer reviews and monitors the operation of the Council's Constitution
- The Chief Executive and Heads of Service monitoring the risks and the associated controls assigned to them
- The Chief Financial Officer (the Head of Finance) providing the Council and the Management team, with financial reports and financial advice covering the whole range of Council Activities
- Reviews by external agencies such as the Council's external auditor
- A review of the system of assurances/internal controls
- The Council's Standards and Audit Committee receives reports on the work of internal audit, including the annual report by the head of the internal audit consortium. The annual review of the Local Code of Corporate Governance is reported to both the Standards and Audit Committee and the Council's Cabinet.
- The Cabinet receives and considers reports on the outcome of reviews by the external auditor and other review agencies.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Cabinet and the Standards and Audit Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those specifically addressed with new actions are outlined below.

Significant Governance Issues

The following significant governance issues have been identified:

No.	Issue	Action Proposed	Target Date
1.	Implementing actions to address the forecast deficits in 2014/15. Other budget	Need to continue to closely manage the Medium Term Financial Plan to ensure that the	01/03/15

	risks such as the continuing impacts of the economic climate on key income streams and investment returns.	<p>Council remains of sound financial standing, and to support decisions on the alignment of budgets to enable delivery of the Council's corporate plan for the period 2012-2015.</p> <p>To continue to implement the Transformation Strategy that was approved by Cabinet in May 2012.</p> <p>This will be achieved through the established mechanisms of the Council's Financial Planning Group, Corporate Management Team/Executive Member Budget workshops` and Risk Management Group, and through the preparation of quarterly monitoring reports to the Council's Cabinet and Scrutiny Forum. Regular dialogue with Regional Trade Union Officials will take place.</p>	
2.	Updating Contract Procedure Rules and the Procurement Strategy. Improved arrangements for the tendering and letting of contracts in line with Financial Regulations and Standing Orders.	The review of contract procedure rules will be completed in July 2014 and Corporate procurement training will be arranged by September 2014. The procurement strategy will be updated by December 2014.	30/12/14

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

H Bowen
Chief Executive

Councillor J Burrows
Leader of Chesterfield Borough Council

Date:

MOVEMENT IN RESERVES STATEMENT

This Statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

The '(Surplus)/Deficit on the Provision of Services' line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income & Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and Housing Revenue Account for Council Tax setting and dwellings rent setting purposes.

The 'Net Increase/Decrease before Transfers to Earmarked Reserves' line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Movement in Reserves Statement

	General Fund Balance (restated) £000	Earmarked General Fund Reserve £000	Housing Revenue Account £000	Earmarked Housing Revenue Account Reserve £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves (restated) £000	Unusable Reserves (restated) £000	Total Reserves (restated) £000
Balance at 31 st March 2012	1,500	9,643	6,397	148	-	-	1,344	19,032	169,042	188,074
Adjustment to balance at 31 st March 2012 due to change in Crematorium proportion	-	27	-	-	-	-	-	27	52	79
Movement in reserves during 2012/13										
Surplus/ (deficit) on provision of services	(1,378)	333	(3,347)	-	-	-	-	(4,392)	-	(4,392)
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	-	-	(9,825)	(9,825)
Total Comprehensive Income & Expenditure	(1,378)	333	(3,347)	-	-	-	-	(4,392)	(9,825)	(14,217)
Adjustments between accounting basis & funding basis under regulations (note 7)	667	(269)	5,263	-	169	-	(228)	5,602	(5,602)	-
Net Increase / Decrease before transfer to Earmarked Reserves	(711)	64	1,916	-	169	-	(228)	1,210	(15,427)	(14,217)
Transfer to/from Earmarked Reserves	961	(960)	(37)	36	36	-	-	36	(36)	-
Increase / Decrease in 2012/13	250	(896)	1,879	36	205	-	(228)	1,246	(15,463)	(14,217)
Balance at 31st March 2013 carried forward (notes 8, 40 & 41)	1,750	8,774	8,276	184	205	-	1,116	20,305	153,631	173,936
Movement in reserves during 2013/14										
Surplus/ (deficit) on provision of services	8,808	133	21,725	-	-	-	-	30,666	-	30,666
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	-	-	14,265	14,265
Total Comprehensive Income & Expenditure	8,808	133	21,725	-	-	-	-	30,666	14,265	44,931
Adjustments between accounting basis & funding basis under regulations (note 7)	(7,758)	(21)	(17,394)	-	197	66	124	(24,786)	24,786	-
Net Increase / Decrease before transfer to Earmarked Reserves	1,050	112	4,331	-	197	66	124	5,880	39,051	44,931
Transfer to/from Earmarked Reserves	(1,050)	1,049	(112)	112	27	-	-	26	(26)	-
Increase / Decrease in 2013/14	-	1,161	4,219	112	224	66	124	5,906	39,025	44,931
Balance at 31st March 2014 carried forward (notes 8, 40 & 41)	1,750	9,935	12,495	296	429	66	1,240	26,211	192,656	218,867

COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

The Comprehensive Income & Expenditure Statement brings together all the activities of the authority, summarises all the resources that the authority has consumed in providing those services and consolidates all the gains and losses experienced during the financial year.

The Statement has two sections.

The first section provides information on the costs of local authority services, net of specific grants and income from fees and charges to give the 'Surplus or Deficit on the Provision of Services'. This represents the increase or decrease in the net worth of the authority as a result of incurring expenses and generating income.

The second section, 'Other Comprehensive Income & Expenditure' shows any changes in net worth for any other reason: eg as a result of movements in the value of non-current assets or actuarial gains or losses on pension liabilities.

COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

2012/13				2013/14		
Expenditure (restated) £000	Income (restated) £000	Net Expenditure (restated) £000		Expenditure £000	Income £000	Net Expenditure £000
11,495	(10,118)	1,377	Central Services to the Public	2,214	(898)	1,316
11,256	(4,775)	6,481	Cultural	11,061	(4,633)	6,428
7,792	(3,943)	3,849	Environmental	7,843	(4,165)	3,678
7,359	(5,119)	2,240	Planning	6,834	(5,150)	1,684
2,822	(3,230)	(408)	Highways & Transport	2,700	(3,115)	(415)
38,276	(37,451)	825	Other Housing Services	38,844	(37,785)	1,059
9,626	(7,491)	2,135	Corporate & Democratic	8,316	(7,380)	936
42	-	42	Non-Distributed Costs	314	-	314
88,668	(72,127)	16,541	COST OF GENERAL FUND SERVICES	78,126	(63,126)	15,000
31,723	(35,629)	(3,906)	Local Authority Housing (HRA)	13,027	(37,264)	(24,237)
120,391	(107,756)	12,635	COST OF SERVICES	91,153	(100,390)	(9,237)
3,418	-	3,418	Other operating expenditure (Note 9)	2,103	-	2,103
9,906	(5,371)	4,535	Financing and investment income & expenditure (note 10)	(1,836)	(5,059)	(6,895)
-	(16,196)	(16,196)	Taxation and non- specific grant income (Note 11)	-	(16,637)	(16,637)
		4,392	(Surplus)/Deficit on Provision of Services			(30,666)
		(1,526)	(Surplus)/deficit on revaluation of Property, Plant & Equipment			(1,392)
		-	(Surplus)/deficit on revaluation of available for sale financial assets			-
		11,351	Actuarial (gains)/losses on pension liabilities			(12,873)
		-	Other			-
		9,825	Other Comprehensive Income & Expenditure			(14,265)
		14,217	Total Comprehensive Income & Expenditure			(44,931)

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the asset and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by reserves held by the authority. Reserves are reported in two categories.

The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (e.g. the capital receipts reserve that may only be used to fund capital expenditure or repay debt).

The second category of reserves are those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (e.g. the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

BALANCE SHEET AS AT 31ST MARCH 2014

2012/13		2013/14	Notes
£000		£000	
252,365	Council Dwellings	265,915)
58,377	Other Land & Buildings	58,361)
578	Vehicles, Plant, Furniture & Equipment	553)19,22,
3,632	Infrastructure Assets	3,400)23,25
4,072	Community Assets	4,072)
1,173	Assets Under Construction	1,596)
1,226	Surplus Assets Not Held for Sale	1,246)
321,423	Property, Plant & Equipment	335,143	
2,204	Heritage Assets	2,204	20
44,370	Investment Properties	59,336	24
132	Intangible Assets	236	21
-	Long Term Investments	4,410	
1,301	Long Term Debtors	1,282	28
369,430	Long Term Assets	402,611	
54	Assets Held for Sale - Property, Plant & Equipment	149	33
1,632	Assets Held for Sale - Investment Properties	2,046	33
23,733	Short Term Investments	19,573	
358	Inventories	317	30
7,075	Short Term Debtors	7,718	31
811	Cash & Cash Equivalents	477	32
33,663	Current Assets	30,280	
(10,753)	Short Term Borrowing	(6,930)	
(8,674)	Short Term Creditors	(10,034)	34
(485)	Short Term Provisions	(989)	35
(294)	Cash Overdrawn	(60)	32
(20,206)	Current Liabilities	(18,013)	
(139,906)	Long Term Borrowing	(138,296)	
(2,771)	Long Term Provisions	(1,462)	35
(66,103)	Net Pension Scheme Liabilities	(55,791)	15 & 57
(136)	Other Long Term Liabilities	(132)	
(35)	Capital Grants Receipts in Advance	(330)	
(208,951)	Long Term Liabilities	(196,011)	
173,936	Net Assets	218,867	
20,305	Usable Reserves	26,211	8,40
153,631	Unusable Reserves	192,656	41-48
173,936	Total Reserves	218,867	

CASH FLOW STATEMENT

The Cash Flow statement shows the changes in cash and cash equivalents of the authority during the reporting period.

The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as: operating, investing and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery.

Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

CASH FLOW STATEMENT

2012/13 (restated) £000		2013/14 £000
4,392	Net (surplus)/deficit on provision of services	(30,666)
(24,913)	Adjustments to net (surplus)/deficit on provision of services for non-cash movements (Note 49)	9,937
6,088	Adjustments for items included in net (surplus)/deficit on provision of services that are investing and financing activities (Note 50)	7,797
(14,433)	Net cash flows from Operating Activities (Note 51)	(12,932)
11,560	Investing Activities (Note 52)	10,249
3,160	Financing Activities (Note 53)	2,783
287	Net increase/decrease in cash and cash equivalents	100
(804)	Cash and cash equivalents at beginning of reporting period	(517)
(517)	Cash and cash equivalents at end of reporting period (Note 32)	(417)

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 GENERAL PRINCIPLES

The Statement of Accounts summarises the Council's transactions for the 2013/14 financial year and its position at the year end 31st March 2014.

The Accounts and Audit Regulations 2011 require the authority to produce an annual Statement of Accounts to be prepared in accordance with proper practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 (the Code), and the Service Reporting Code of Practice 2013/14, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

1.2 ACCRUALS OF EXPENDITURE & INCOME

Income and expenditure in general are accounted for in the year in which they become due whether or not the cash has been actually received or paid in the year.

Exceptions to this principle relate to electricity and similar quarterly payments which are charged at the date of the meter reading rather than being apportioned between years and wages payments for which only full weeks pay is recorded. This policy is applied consistently each year and does not have a material effect on the year's accounts.

A further exception relates to wages. Only 52 weeks wages are included each year which means that the accounts do not include 1 days pay each year. The effect of this is not considered material. Every fifth or sixth year, a 53 week year is included. 2013/14 is a 52 week year for weekly payroll costs.

Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor is included in the Balance Sheet.

1.3 CASH & CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are any other instrument repayable within a 24 hour period.

Our externally managed funds are held for investment purposes and are not included within cash and cash equivalents.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

1.4 INTERNAL INTEREST

Internal interest is credited to the various funds on the basis of their respective cash flow positions. The rate of interest used is the average 7 day LIBOR.

1.5 OVERHEADS

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the CIPFA Service Reporting Code of Practice 2013/14 (SeRCOP). The full cost of overheads and support services are shared between users in proportion to the benefits received.

The exception to this is:

- Corporate & Democratic Core (costs relating to the Authority's status as a multi-functional, democratic organisation)
- Non-Distributed Costs

These two categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement as part of Cost of Services.

1.6 EMPLOYEE BENEFITS

Benefits Payable During Employment

Short term employee benefits are those due to be settled within 12 months of the year-end and include salaries, wages, paid annual and sick leave and bonuses, and are recognised as an expense for services in the year in which employees render service to the Authority.

An accrual is made for the cost of holiday entitlements or any form of leave, earned by an employee but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the salary level applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to 'Surplus or Deficit on the Provision of Services' so that holiday benefits are charged to revenue in the financial year in which the holiday occurs, but then reversed out through the Movement in Reserves Statement.

Termination Benefits

These are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer accepts voluntary redundancy and are charged on an accruals basis to the appropriate service in the Comprehensive Income & Expenditure Statement at the earlier of when the Authority can no longer withdraw the offer of those benefits or when it recognises costs for a restructuring.

Post Employment Benefits

Employees of the council may be members of the Local Government Pension Scheme administered by Derbyshire County Council. The scheme provides defined benefits to

members (retirement lump sums and pensions) earned as employees worked for the council.

The Local Government Pension Scheme

The liabilities of the pension scheme attributable to the council are included in the balance sheet on an actuarial basis using the projected unit method – ie an assessment of future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, projected earnings etc.

The assets of the pension scheme attributable to the council are included in the balance sheet at their fair value:

Quoted securities	current bid price
Unquoted securities	professional estimate
Unitised securities	current bid price
Property	market value

The change in the net pensions liability is analysed into the following components:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income & Expenditure Statement to the revenue accounts of services for which the employees worked
- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement as part of non-distributed costs
- Net interest on the net defined benefit liability (i.e. net interest expense for the Authority) – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income & Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period - taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments
- Remeasurements comprising:
 - The return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income & Expenditure
 - Actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income & Expenditure

- Contributions paid to Derbyshire County Council pension fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund in the year. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year end.

1.7 VALUE ADDED TAX

Value added tax (VAT) is only included in the Council's accounts to the extent that it is not recoverable from HM Revenue & Customs.

1.8 EVENTS AFTER THE BALANCE SHEET DATE

These are events that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect these events
- Those indicative of conditions arising after the reporting period – the Statement of Accounts is not adjusted, but where the event would have a material effect, disclosure is made in the notes on the nature of the event with an estimate of the financial effect

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

1.9 INVENTORIES

The majority of inventories are included in the Balance Sheet at cost, although the last invoice price has been used in some instances as a proxy for cost.

1.10 RESERVES

The Council sets aside specific amounts as reserves for future policy purposes to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year and included in the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council. These reserves are explained in the relevant accounting policy.

1.11 PROVISIONS

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate of the obligation can be made. Details of provisions are shown in the notes to the core financial statements (Page 68).

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation.

When payments are eventually made, they are charged to the provision in the Balance Sheet. The provision is reviewed at the end of each financial year and any reduction in provision is reversed and credited back to the relevant service.

1.12 INVESTMENT PROPERTY

Investment properties are those held solely to earn rentals or for capital appreciation. They are measured initially at cost and subsequently at fair value. These properties are not depreciated but are revalued annually according to market conditions at the year end and any gains or losses on revaluation, or disposal, are included in the Financing & Investment Income line in the Comprehensive Income and Expenditure Statement. These are subsequently reversed out of the General Fund Balance in the Movement of Reserves Statement and transferred to the Capital Adjustment Account.

Rentals from investment properties are credited to the Financing & Investment Income line and result in a gain for the General Fund.

1.13 PROPERTY, PLANT & EQUIPMENT

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis in the accounts. Expenditure is capitalised, provided that the asset yields benefits to the authority and the services it provides. This excludes expenditure on routine repairs and maintenance which is charged direct to service revenue accounts. Capital expenditure below £20,000 on land and property assets and below £10,000 on vehicles, plant and equipment is classed as de-minimis.

Assets are initially measured at cost. The cost of assets other than by purchase is deemed to be its fair value.

Donated assets are measured initially at fair value. The difference between fair value and consideration paid is credited to the Taxation and Non-specific Grant Income line of the Comprehensive Income & Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated

Assets Account. Where gains are credited to the Comprehensive Income & Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction are included in the balance sheet at depreciated historic cost.
- dwellings are included in the balance sheet at fair value, on the basis of existing use for social housing
- all other assets are valued at fair value, on the basis of existing use

Where there is no market based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

Non property assets with short useful lives or low values are valued on a depreciated historical cost basis as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the balance sheet date, but as a minimum every five years.

Increases arising from the re-valuation are credited to the revaluation reserve to recognise unrealised gains. Exceptionally, gains may be credited to the Comprehensive Income & Expenditure Statement where they arise from the reversal of a loss previously charged to a service revenue account.

Where decreases in value are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against the balance (up to the amount of the accumulated gains)
- where there is no balance in the revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement

The Revaluation Reserve contains revaluation gains recognised since 1st April 2007 only, the date of its formal inception. Gains before that date have been consolidated into the Capital Adjustment Account.

Intangible Assets

Expenditure on assets that do not have physical substance but are controlled by the Council (eg software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the authority.

Intangible assets are initially measured at cost. Amounts are only revalued where the fair value can be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line in the Comprehensive Income and Expenditure Statement.

Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered through a sale transaction rather than through its continuing use, it is reclassified as

an Asset Held for Sale. Immediately before the initial classification of an asset as held for sale, the carrying amount of the asset is measured in accordance with the relevant section of the Code.

If there is a decrease in value, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any losses previously recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria for Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

Council house 'Right to Buy' applications are not classed as Assets Held for Sale, as the probability of these sales are uncertain until completion takes place and are outside the authority's control.

Disposals

When an asset is disposed of or decommissioned, the value of the asset in the balance sheet is written off to the Other Operating Expenditure line in the Comprehensive Income & Expenditure Statement as part of the gain or loss on disposal. Receipts in excess of £10,000 are categorised as capital receipts. Receipts from disposals are credited to the same line on the Comprehensive Income & Expenditure Statement as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the revaluation reserve are transferred to the capital adjustment account.

A proportion of receipts from housing disposals have to be repaid to Government. The balance of receipts is credited to the Capital Receipts Reserve and can only be used to fund new capital investment or set aside to reduce the council's underlying need to borrow. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for in separate arrangements for capital financing. Amounts are appropriated to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement.

1.14 DEPRECIATION & IMPAIRMENT

Depreciation is provided on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets with no determinable finite useful life (i.e. freehold land and heritage assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation charges are calculated as follows:

- dwellings and other buildings - using the straight line method over the useful life of the asset (which can be determined at the time of acquisition or revaluation).
- Vehicles - depreciated by 25% on a reducing balance basis.
- Plant and equipment - depreciated on a straight line basis.

Where an asset has major components with different estimated useful lives, these are depreciated separately.

An individual asset or asset group is considered for splitting into components if:

- the fair value of the asset is material (i.e. over £1m)
- the value of an individual component is more than 15% of total asset value
- the component life is significantly different to the life of the main asset

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the revaluation reserve to the capital adjustment account.

Impairment – The value of assets are reviewed at the end of each year for evidence of reductions in value. Where impairment is identified and possible losses are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised and accounted for as follows:

- where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount is written down against that balance (up to the amount of accumulated gains)
- where there is no balance in the revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement

Where an impairment loss is subsequently reversed, the relevant service line in the Comprehensive Income and Expenditure Statement is credited up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

1.15 **HERITAGE ASSETS**

The Authority has seven classes of heritage assets. They are recognised and measured in accordance with the Authority's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. All of the heritage assets identified have indefinite lives and will therefore not be subject to depreciation. The Authority's classes of heritage assets are accounted for as follows:

Historic Sites & Buildings

These assets are measured at valuation using conventional valuation approaches with the exception of Barrow Hill Railway Heritage Centre which does not lend itself to this approach and is measured at historical cost.

War Memorials/Other Monuments

The Authority has 17 war memorials together with various other monuments, including the Peace Fountain in Eastwood Park. Four war memorials and the fountain are included in the balance sheet. They were not acquired recently and reliable information on cost is not available. These assets are not insured and it is considered impractical to obtain valuation information due to a lack of comparable transactions and the relative insignificance of the assets in purely financial terms. Therefore, with the exception of assets already on the balance sheet, no other existing assets in this category will be recognised. Assets acquired in future will be measured at historical cost.

Percent For Art

Current planning policy requires developers to include a work of art to the value of 1% of total project cost on the site. It is considered impractical to obtain reliable information on cost for most of the asset base in this class due to the difficulty of obtaining information from third parties or the difficulty of separating costs relating to artwork from other capital costs. These assets are not insured and it is considered impractical to obtain valuation information due to lack of comparable transactions and the diversity of the assets themselves. Therefore no existing asset in this class will be recognised on the balance sheet. Assets acquired in future will be measured at historical cost.

Rosewall Sculpture

This sculpture by Barbara Hepworth is carried on the balance sheet at valuation by a specialist dealer in modern art.

Mayoral Regalia and Civic Plate, Paintings and Porcelain

These two classes of asset are recognised on the balance sheet at valuation.

Museum Collection

The collection contains approximately 30,000 items and a high proportion of these have only minimal commercial value. Except for recent acquisitions, reliable information on cost is not available. In general, conventional valuation approaches would be unsuitable due to the number and diversity of items, together with the unique and irreplaceable nature of many of the items concerned. Some parts of the collection e.g fine arts, do lend themselves to a more conventional valuation approach. Those items within the collection with a readily ascertainable market value are recognised on the balance sheet at valuation. Assets acquired in future will be measured at historical cost.

The carrying amount of heritage assets are reviewed when there is evidence of impairment. Any impairment is recognised and measured in accordance with the Authority's general policy on impairment. Any proceeds from disposals are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

The de-minimis level for individual heritage assets is £50,000 (excluding assets that have already been recognised). For practical reasons, Mayoral Regalia, Civic Plate, Paintings and Porcelain and the Museum Collection will be treated as one group and a lower de-minimis level of £10,000 will therefore be applied to additions/disposals which impact on this group.

1.16 CHARGES TO REVENUE FOR NON-CURRENT ASSETS

Service revenue accounts, support services and trading accounts are charged with the following amounts to record the real cost of holding non-current assets used in the provision of services during the year.

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the revaluation reserve against which they can be written off
- amortisation of intangible fixed assets attributable to the service.

The authority is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis in accordance with statutory guidance). This is referred to as the Minimum Revenue Provision (MRP).

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the MRP, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

1.17 REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset, has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year.

Where the cost of this expenditure is met from existing capital resources or borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account reverses out the amounts charged so there is no impact on the level of council tax.

1.18 GOVERNMENT GRANTS AND CONTRIBUTIONS

Government grants and other contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- the authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant have been satisfied. Money received by the authority for which conditions have not been

satisfied are carried in the Balance Sheet as creditors. Once conditions are satisfied, the grant is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. When applied, it is posted to the Capital Adjustment Account.

1.19 LEASES

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the asset from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements which do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

Finance Leases

Assets held under finance leases are recognised on the balance sheet. Rental payments under finance leases are apportioned between the finance charge and the principal element, i.e. the reduction of the liability to pay future rentals. The finance element of rentals is charged to the Financing & Investment Income line in the Comprehensive Income and Expenditure Statement.

Operating Leases

Rentals payable under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the service using the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease.

The Authority as Lessor

The Council leases some of its properties to third parties. The value of these assets is included in the Balance Sheet.

Rent is charged for the use of these properties and is included in the Planning line in the Comprehensive Income & Expenditure Statement and credits are made on a straight-line basis over the life of the lease.

1.20 FINANCIAL INSTRUMENTS

Financial Liabilities

Financial liabilities are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument. They are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income & Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. This means that the amount in the Balance Sheet is the outstanding principal repayable and interest charged to the Comprehensive Income & Expenditure Statement is the amount payable for the year in the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income & Expenditure Statement in the year of repurchase/settlement. Where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is deducted or added to the amortised cost of the new or modified loan and the write down to the Comprehensive Income & Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Financial Assets

Financial assets are classified into three types:

- Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- Available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments
- Assets at Fair Value through Profit or Loss – assets that are held for trading

Loans & Receivables are initially measured at fair value and carried at amortised cost. Annual credits to the Comprehensive Income & Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest so the amount in the balance sheet is the outstanding principle receivable and interest credited to the Comprehensive Income & Expenditure Statement is the amount receivable for the year per the loan agreement.

The authority may also make loans to the voluntary sector at less than market rates. The accounting treatment of these 'soft loans' reflects the fact that the authority is locking itself into an arrangement where it will incur a loss of interest over the life of the loan. This lost interest is charged to the relevant service area in the Comprehensive Income & Expenditure Statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under a contract will not be made, the asset is written down and a charge made to the relevant service or the Financing and Investment Income and Expenditure line in the Comprehensive Income & Expenditure Statement.

Any gains and losses arising on derecognition of an asset are credited/debited to the Financing and Investment Income line in the Comprehensive Income & Expenditure Statement.

Available for Sale Assets are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income line in the Comprehensive Income & Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income is credited to the Comprehensive Income & Expenditure Statement when it becomes receivable.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- Instruments with quoted market prices – market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis
- Equity shares with no quoted market prices – independent appraisal of company valuations

Changes in fair value are balanced by an entry in the Available for Sale reserve and the gain/loss recognised in the Surplus or Deficit on Revaluation of Available for Sale Financial Assets. The exception is where impairment losses have been incurred; these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income & Expenditure Statement, along with any net gain/loss for the asset accumulated in the reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income line in the Comprehensive Income & Expenditure Statement.

Where fair value cannot be reliably measured, the instrument is carried at cost (less any impairment losses).

Assets at Fair Value through Profit or Loss are, under the provisions of the Code, those assets that meet the definition of 'held for trading' contained in FRS 26. The authority has chosen to classify its externally-managed investments as at fair value through profit or loss.

1.21 INTEREST IN COMPANIES AND OTHER ENTITIES

If the Council has material interests in companies and other entities that have the nature of subsidiary, associates and jointly controlled entities, it is required to prepare group accounts.

There were no group accounts identified for 2013/14.

The Council has a JANE (Joint Arrangement that is Not an Entity) with Bolsover District Council and North East Derbyshire District Council who together operate the Chesterfield & District Joint Crematorium. Note 57 on page 85 provides further details.

1.22 CONTINGENT ASSETS/LIABILITIES

Contingent assets/liabilities are not recognised in the accounting statements but, where they exist, they are disclosed by way of a note to the accounts.

1.23 PRIOR PERIOD ADJUSTMENTS

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable and relevant information on the Authority's financial position. Any change is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by adjusting opening balances and comparative amounts for the prior period.

1.24 INVESTMENTS

Externally managed investments are classified as fair value through profit and loss.

1.25 PRIVATE PUBLIC PARTNERSHIP

The Council has entered a contract for the provision of certain services by a private sector partner. The charge made by them for services provided under this agreement is charged to the relevant service line of the Comprehensive Income & Expenditure Statement.

Any changes to the value of assets as a result of this contract will be reflected in the Balance Sheet as they arise.

1.26 COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

From 2013/14, the Code requires that where authorities have transactions that include amounts that are reclassifiable in the surplus/deficit on the provision of services, items listed in the Other Comprehensive Income & Expenditure section of the statement must be grouped into those items that will not be subsequently reclassified and those that will. This authority does not have any transactions that are reclassifiable and has not therefore grouped the items into two separate categories.

2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The Code of Practice on Local Authority Accounting for 2014/15 has introduced several changes in accounting policies which will be required from 1st April 2014. The changes are detailed below.

IFRS 10 Consolidated Financial Statements – this introduces a new definition of control to determine which entities are consolidated for the purposes of group accounts. The Council has no subsidiaries or associates and group accounts are not required.

IFRS 11 Joint Arrangements – this deals with accounting for a joint arrangement which is defined as a contractual arrangement over which two or more parties have joint control. These are classified as either a joint operation or a joint venture. In addition, proportionate consolidation can no longer be used for jointly controlled entities. The Council has no joint venture arrangements.

IFRS 12 Disclosure of Involvement with Other Entities – this is a consolidated disclosure standard requiring a range of disclosures about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. Details of current interests are included in note 55 on related party transactions.

IAS 27 Separate Financial Statements/IAS 28 Investments in Associates and Joint Ventures – these statements have been amended to conform with the changes in IFRS 10, IFRS 11 and IFRS 12. Given that there are no changes in the financial statements due to changes to IFRS 10, 11 and 12, there is no impact as a result of changes in IAS 27 and IAS 28.

IAS 32 Financial Instruments Presentation – The Code makes reference to amended application guidance when offsetting a financial asset and a financial liability. The gains and losses are separately identified on the Income & Expenditure Statement and therefore no further disclosure is required.

IAS 1 Presentation of Financial Statements – this change clarifies the disclosure requirements in respect of comparative information for the preceding period. The Statement of Accounts fully discloses comparative information for the preceding period and this change will therefore have no impact on the Statement of Accounts.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The Authority has an outsourcing agreement for back office functions with Arvato. It has determined that this arrangement constitutes a service concession arrangement.

4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are

made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Balance Sheet at 31st March 2014, for which there is a significant risk of material adjustment in the forthcoming year are as follows:

Item	Uncertainties	Effect if Actual Results Differ From Assumptions
Pensions liability	Estimation of the net liability to pay pensions depends on a number of complex judgements including mortality rates, expected return on fund assets and future salary rate increases. A firm of actuaries are engaged by the pension fund administrator to advise on the assumptions to be applied.	These assumptions interact in complex ways. During 2013/14, the actuaries advised that the net pensions liability had reduced by £11.664m because of estimates being corrected as a result of experience and reduced by £1.235m attributable to updating their assumptions.
Arrears	At 31 st March 2014, the Authority had a balance of sundry debtors of £3.6m. A review of significant balances based on age profile and likelihood of recovery, suggested that an impairment provision of £1.5m was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, a 1% increase in the level of impairment provision would require an additional amount of £36k to be found.
Property, Plant & Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that this level of spending on repairs and maintenance can be sustained, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings, including council houses, would increase by £851k for every year that useful lives had to be reduced.

A further source of uncertainty has arisen due to the introduction of the Business Rates Retention Scheme from 1st April 2014. Local Authorities are now liable for a proportion of successful appeals against business rates charged to businesses in 2012/13 and earlier financial years in their proportionate shares. Therefore a provision has been recognised in the accounts to cover this liability. It is difficult to judge the size of the provision required due to the high level of uncertainty as to when and if the appeals will be decided and which appeals will be successful. The provision has been calculated using information from the Valuation Office ratings list of appeals and an analysis of successful appeals to date by an independent company.

5. **MATERIAL ITEMS OF INCOME AND EXPENSE**

The programme of capital expenditure on Council Housing remained high at £12.8m in 2013/14. This spending is aimed at bringing dwellings up to the decent homes standard. It is anticipated that this level of investment will continue into future years.

6. EVENTS AFTER THE BALANCE SHEET DATE

The statement of accounts was authorised for issue on 27/06/2014 by the Head of Finance, Barry Dawson CPFA. This is also the date up to which events after 31st March 2014 have been considered.

7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

Income and expenditure charged to the General Fund and which must be taken into account in determining a local authority budget requirement and therefore it's council tax is determined by statute and non-statutory proper practices rather than being in accordance with IFRS requirements.

Whilst the amounts which must be included in the Comprehensive Income and Expenditure Statement and the amounts required by statute and non-statutory practices to be included in the General Fund are largely the same, there are a number of differences.

This note details the adjustments that are made to the total comprehensive income and expenditure recognised in the year in accordance with proper accounting practice, to the resources that are specified by statutory provisions as being available to meet future capital and revenue expenditure.

2013/14	Usable Reserves					Movement in Unusable Reserves £000
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	
<u>Adjustments primarily involving the Capital Adjustment Account:</u>						
Reversal of items debited/credited to Comprehensive Income & Expenditure Statement						
Depreciation, impairment & revaluation losses of non-current assets	2,558	(4,063)				1,505
Non-current assets written off on disposal as part of gain/loss on disposal to CIES	1,104	3,274				(4,378)
Movement in market value of Investment Properties	(9,073)	(3,313)				12,386
Amortisation of intangible assets	10					(10)
Capital grants & contributions applied	(4,989)				124	4,865
Donated Assets	(30)					30
Revenue expenditure funded from capital under statute	824					(824)
Insertion of items not debited/credited to Comprehensive Income & Expenditure Statement						
Statutory provision for financing of capital investment	(317)					317
Capital expenditure charged against General Fund and HRA balances	(820)	(35)				855
Voluntary Repayment of Debt		(2,139)				2,139
<u>Adjustments primarily involving</u>						

Capital Receipts Reserve:						
Use of Capital Receipts Reserve to finance new capital expenditure			(1,775)			1,775
Contribution from Capital Receipts Reserve to finance payments to Government capital receipts pool	760		(760)			
Transfer of cash sale proceeds credited as part of gain/loss on disposal to CIES	(465)	(2,267)	2,732			
Adjustment primarily involving Major Repairs Reserve:						
HRA depreciation & impairment		(7,358)		7,358		
Excess of Major Repairs Allowance Over HRA depreciation		(1,790)		1,790		
Use of Major Repairs Reserve to finance new capital expenditure				(9,082)		9,082
Adjustments primarily involving the Financial Instruments Adjustment Account:						
Amounts by which finance costs charged to Comprehensive Income & Expenditure Statement are different from finance costs chargeable in year in accordance with statutory requirements	5					(5)
Adjustments primarily involving Pensions Reserve:						
Reversal of items relating to retirement benefits debited/credited to Comprehensive Income & Expenditure Statement	6,254	245				(6,499)
Employers contributions payable to Derbyshire County Council Pension Fund and retirement benefits payable direct to pensioners in the year	(3,938)					3,938
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax and business rate income credited to Comprehensive Income & Expenditure Statement is different from council tax and business rate income calculated for year in accordance with statutory requirements	371					(371)
Adjustment primarily involving the Accumulated Absences Account:						
Amount by which salaries charged to Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	(33)	52				(19)
Total Adjustments	(7,779)	(17,394)	197	66	124	24,786

2012/13	Usable Reserves					Movement in Unusable Reserves (restated) £000
	General Fund Balance (restated) £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited/credited to Comprehensive Income & Expenditure Statement						
Depreciation, impairment & revaluation losses of non-current assets	2,170	15,747				(17,917)
Non-current assets written off on disposal as part of gain/loss on disposal to CIES	417	4,201				(4,618)
Movement in market value of Investment Properties	14					(14)
Amortisation of intangible assets	31					(31)
Capital grants & contributions applied	(3,819)				(228)	4,047
Donated Assets	(75)					75
Revenue expenditure funded from capital under statute	915					(915)
Insertion of items not debited/credited to Comprehensive Income & Expenditure Statement						
Statutory provision for financing of capital investment	(345)					345
Capital expenditure charged against General Fund and HRA balances	(639)	(4,132)				4,771
Adjustments primarily involving Capital Receipts Reserve:						
Use of Capital Receipts Reserve to finance new capital expenditure			(1,416)			1,416
Contribution from Capital Receipts Reserve to finance payments to Government capital receipts pool	650		(650)			
Transfer of cash sale proceeds credited as part of gain/loss on disposal to CIES	(409)	(1,826)	2,235			
Adjustment primarily involving Major Repairs Reserve:						
HRA depreciation & impairment		(6,887)		6,887		
Excess of Major Repairs Allowance Over HRA depreciation		(1,976)		1,976		
Use of Major Repairs Reserve to finance new capital expenditure				(8,863)		8,863
Adjustments primarily involving the Financial Instruments Adjustment Account:						
Amounts by which finance costs charged to Comprehensive Income & Expenditure Statement are different from finance costs chargeable in year in accordance with statutory requirements	9					(9)
Adjustments primarily involving Pensions Reserve:						

Reversal of items relating to retirement benefits debited/credited to Comprehensive Income & Expenditure Statement	5,362	143				(5,505)
Employers contributions payable to Derbyshire County Council Pension Fund and retirement benefits payable direct to pensioners in the year	(3,873)					3,873
<u>Adjustments primarily involving the Collection Fund Adjustment Account:</u>						
Amount by which council tax income credited to Comprehensive Income & Expenditure Statement is different from council tax income calculated for year in accordance with statutory requirements	47					(47)
<u>Adjustment primarily involving the Accumulated Absences Account:</u>						
Amount by which salaries charged to Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	(57)	(7)				64
<u>Total Adjustments</u>	398	5,263	169	-	(228)	(5,602)

8. **TRANSFERS TO/FROM EARMARKED RESERVES**

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure.

	Balance 1/4/2012 £000	Transfers In 2012/13 £000	Transfers Out 2012/13 £000	Balance 31/03/2013 £000	Transfers In 2013/14 £000	Transfers Out 2013/14 £000	Balance 31/03/2014 £000
General Fund							
Vehicles & Plant	712	365	(204)	873	362	(168)	1,067
Information Technology	45	146	(140)	51	146	(151)	46
Crematorium							
Mercury Abatement	10	53	-	63	50	-	113
Capital Improvements	327	95	(278)	144	91	(21)	214
Capital Reserves	1,094	659	(622)	1,131	649	(340)	1,440
General Fund							
Invest to Save	916	-	(141)	775	-	(382)	393
Budget Risk Reserve	788	367	(545)	610	606	(216)	1,000
Service Improvement	1,598	134	(245)	1,487	8	(319)	1,176
Property Improvement	896	1,470	(1,854)	512	1,487	(1,357)	642
Insurance	229	-	(52)	177	393	(3)	567
Tenants Property	627	226	(225)	628	235	(269)	594
Tapton Innovation Centre	171	25	-	196	26	(21)	201
DSO/DLO Reserve	563	239	(57)	745	218	(272)	691
Community Forums	116	40	(56)	100	-	(100)	-
Planning Inquiry	195	28	-	223	76	(58)	241
Flood Restoration	82	-	-	82	-	-	82
Northern Gateway	59	-	(59)	-	-	-	-
Asset Management	50	-	(6)	44	-	-	44
Waterside – Affordable Homes	145	63	-	208	-	-	208
Elections Equipment	1	1	-	2	-	-	2
Working Neighbourhoods	480	-	(153)	327	-	(103)	224
Museum Exhibits	26	-	(1)	25	-	-	25
Internal Audit Consortium	7	12	-	19	42	(19)	42
Risk Management Fund	18	8	(3)	23	5	(18)	10
S106	413	10	(37)	386	135	(159)	362
Revenue Grants Unapplied	1,038	799	(961)	876	628	(777)	727
Defibrillator	4	-	(4)	-	-	-	-
MMI Insurance Reserve	-	-	-	-	503	-	503
Business Rates	-	-	-	-	238	-	238
Repaid Improvement Grants	-	-	-	-	76	-	76
Zurich Insurance Risk Reserve	-	-	-	-	10	-	10
Building Control	-	-	-	-	50	-	50
Great Place:Great Service	-	-	-	-	50	-	50
Crematorium							
Crematorium Balance	119	70	-	189	162	(50)	301
Cremator Repairs	-	-	-	-	33	(9)	24
Crematorium Equipment	3	3	-	6	3	-	9
Organ Reserve	5	3	(6)	2	-	-	2
Revenue Reserves	8,549	3,498	(4,405)	7,642	4,984	(4,132)	8,494
Total Earmarked Reserves	9,643	4,157	(5,027)	8,773	5,633	(4,472)	9,934
General Fund Working Balance	1,500	250	-	1,750	-	-	1,750
HRA							
Housing Revenue Account Balance	6,397	1,887	(8)	8,276	4,288	(69)	12,495
Major Repairs Reserve (HRA)	-	8,863	(8,863)	-	9,148	(9,082)	66
Revenue Grants Unapplied	148	116	(80)	184	112	-	296
Total HRA Reserves	6,545	10,866	(8,951)	8,460	13,548	(9,151)	12,857

9. OTHER OPERATING EXPENDITURE

	2013/14 £000	2012/13 £000
Parish council precepts	306	385
Payments to Housing Capital Receipts Pool	761	650
(Gains)/losses on disposal of non-current assets	968	2,383
Other	68	-
TOTAL	2,103	3,418

10. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2013/14 £000	2012/13 (Restated) £000
Interest payable & similar charges	5,760	5,882
Net interest on net defined benefit liability	2,770	2,581
Interest and Investment Income	(173)	(379)
Income and expenditure in relation to Investment Properties	(2,829)	(2,780)
(Gain)/loss on disposal of Investment Properties	677	-
Changes in fair value of Investment Properties	(12,386)	13
(Gain)/loss on trading accounts	(714)	(782)
TOTAL	(6,895)	4,535

11. TAXATION AND NON SPECIFIC GRANT INCOMES

	2013/14 £000	2012/13 £000
Council tax income	(4,300)	(4,969)
Business Rates income & expenditure	(2,552)	(6,668)
Non-ringfenced government grants	(5,333)	(1,276)
Capital grants and contributions	(4,422)	(3,208)
Donated assets	(30)	(75)
TOTAL	(16,637)	(16,196)

12. OTHER TRADING UNDERTAKINGS

In 2013/14, the following trading activities were reported within the Comprehensive Income & Expenditure Statement. The Service Reporting Code of Practice requires trading accounts that are an integral part of the total cost of a service to be consolidated fully into the total cost of that service.

Accordingly, the following activities have been consolidated into the relevant service area within the Cost of Services Section of the Comprehensive Income & Expenditure Statement and are shown below as a disclosure note.

	2013/14			2012/13
	Gross Expenditure £000	Income £000	(Surplus)/ Deficit £000	(Surplus)/ Deficit £000
Markets	910	(985)	(75)	(57)
Trade Refuse	433	(544)	(111)	(131)
Industrial Units	1,385	(2,624)	(1,239)	(1,259)
Town Centre shops	2,489	(3,728)	(1,239)	(1,221)
	5,217	(7,881)	(2,664)	(2,668)

Markets – this includes the two open markets, car boot sales and the Market Hall – the trading objective is to at least break even.

Trade Refuse – this service is open to all businesses operating in the borough – the trading objective is to at least break even.

Industrial/Commercial Units – the authority lets 238 units throughout the borough. The objective is to support business development and create job opportunities. Incentives to potential occupiers may be offered and the target is to secure at least 90% occupancy levels, provide employment and maximise revenue from the property portfolio.

Town Centre Shops – the authority lets 79 units in Chesterfield & Staveley town centres. The objective is to create a vibrant and diverse economy, to secure employment and to maximise revenue from the property portfolio.

13. OFFICERS REMUNERATION

The number of all employees whose remuneration excluding pension contributions was £50,000 or more in bands of £5,000 were:		
Remuneration Band	No. of Employees	
	2013/14	2012/13
£50,000 - £54,999	1	3
£55,000 - £59,999	1	-
£60,000 - £64,999	1	-
£65,000 - £69,999	5	5
£70,000 - £74,999	-	1
£75,000 - £79,999	-	-
£80,000 - £84,999	-	-
£85,000 - £89,999	-	-
£90,000 - £94,999	-	-
£95,000 - £99,999	-	-
£100,000 - £104,999	1	1

The following tables set out the remuneration disclosure for Senior Officers whose salary is less than £150,000 but equal to or more than £50,000 per year.

2013/14	Salary (incl fees & allowances)	Expense Allowances	Benefits in Kind (e.g car allowance)	Compensation for loss of Employment	Total Remuneration excluding pension contributions 2013/14	Pension Contributions	Total Remuneration incl pension contributions 2013/14
Post title	£	£	£	£	£	£	£
Chief Executive	104,626	-	303	-	104,929	12,749	117,678
Head of Housing*	20,288	-	47	35,801	56,136	2,470	58,606
Head of Regeneration	65,775	59	807	-	66,641	7,991	74,632
Head of Environment	65,627	-	-	-	65,627	7,991	73,618
Head of Finance	65,810	100	103	-	66,013	7,991	74,004
Head of Governance	65,500	-	-	-	65,500	7,991	73,491
Head of Business Transformation	65,500	-	244	-	65,744	7,991	73,735
Housing Manager** (Customer Services)	33,831	-	942	-	34,773	4,117	38,890
Housing Manager** (Operational Services)	34,045	-	-	-	34,045	4,081	38,126
Housing Business Planning & Strategy Manager**	31,669	20	-	-	31,689	3,844	35,533
Total	552,671	179	2,446	35,801	591,097	67,216	658,313

* The Head of Housing left 22/7/13.

** The Head of Housing was not replaced. From 23/7/13, three senior housing managers now report directly to the Chief Executive.

2012/13	Salary (incl fees & allowances)	Expense Allowances	Benefits in Kind (e.g car allowance)	Total Remuneration excluding pension contributions 2012/13	Pension Contributions	Total Remuneration incl pension contributions 2012/13
Post title	£	£	£	£	£	£
Chief Executive*	104,626	121	240	104,987	12,749	117,736
Acting Deputy Chief Executive**	53,360	-	165	53,525	6,510	60,035
Head of Housing	65,627	40	232	65,899	7,991	73,890
Head of Regeneration	65,780	-	354	66,134	7,991	74,125
Head of Environment	65,960	-	-	65,960	7,991	73,951
Head of Finance	65,800	323	114	66,237	7,991	74,228
Head of Governance	65,500	321	26	65,847	7,991	73,838
Head of Business Transformation***	21,167	-	-	21,167	2,582	23,749
Acting Head of Business Transformation****	39,000	-	341	39,341	4,758	44,099
Total	546,820	805	1,472	549,097	66,554	615,651

* The Chief Executive was also paid £3,863 for Acting Returning Officer duties. These are not included in the table above.

** The post of Deputy Chief Executive ceased on 30/11/2012

*** The Acting Deputy Chief Executive returned to the post of Head of Business Transformation from 01/12/2012

**** The Acting Head of Business Transformation ceased on 30/11/2012

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below. The total cost has been agreed and charged to the Comprehensive Income & Expenditure Statement in the year indicated.

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
							£000	£000
£0 - £20,000	3	10	7	21	10	31	71	269
£20,001 - £40,000	1	-	-	2	1	2	27	60
Total	4	10	7	23	11	33	98	329

14. AGENCY SERVICES

The Council previously had an agency agreement with Derbyshire County Council whereby the Council was responsible for maintaining highways within the Borough on behalf of the County Council. Although this agreement has been terminated, the Council continues to provide an amenity maintenance service on behalf of the County Council and they reimburse the Council for this work, including a contribution towards administrative costs.

Total expenditure in 2013/14 was £253,716 (£253,747 in 2012/13).

15. DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Scheme

As part of the terms and conditions of employment of its officers, the authority makes contributions towards the cost of post-employment benefits. Although the benefits of

this scheme are not actually payable until employees retire, the authority has a commitment to make the payments and to disclose them at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme and Derbyshire County Council administers the scheme. It is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets.

The Derbyshire pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Committee of Derbyshire County Council. Policy is determined in accordance with the Pensions Fund Regulations.

Transactions Relating to Post-employment Benefits

The cost of retirement benefits is recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against the council tax is based on the cash payable to the pension fund in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income & Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:-

Transactions Relating to Retirement Benefits		
Comprehensive Income & Expenditure Statement	2013/14 £000	2012/13 £000 (restated)
Cost of Services		
Service cost comprising:		
• Current service cost	3,622	2,906
• Past service costs	291	18
Financing & Investment Income and Expenditure		
• Net interest expense	2,770	2,581
Total Post Employment Benefit Charged to Surplus/Deficit on Provision of Services	6,683	5,505
Remeasurement of net defined benefit liability comprising:		
• Return on plan assets(excluding amount included in net interest expense)	173	(9,727)
• Actuarial gains and losses arising on changes in demographic assumptions	(1,929)	1,864
• Actuarial gains and losses arising on changes in financial assumptions	548	19,214
• Other	(11,665)	-
Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	(6,190)	16,856

Movement in Reserves Statement		
<ul style="list-style-type: none"> Reversal of net charges made to Surplus/Deficit on Provision of Services for post employment benefits in accordance with the Code 	(6,683)	(5,505)
Actual amount charged against General Fund Balance for pensions in year		
<ul style="list-style-type: none"> Employers' contributions payable to scheme 	4,122	3,873

Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plans is as follows:

	2013/14 £000	2012/13 £000
Present value of defined benefit obligation	185,838	192,057
Fair value of plan assets	(130,372)	(126,243)
Net liability arising from defined benefit obligation	55,466	65,814

Reconciliation of Movements in the Fair Value of Scheme Assets

	2013/14 £000	2012/13 £000 (restated)
Opening fair value of scheme assets	126,243	112,158
Interest income	5,278	5,470
Re-measurement gain/loss: <ul style="list-style-type: none"> Return on plan assets, excluding amount included in net interest expense 	(163)	9,673
Contribution from employer	4,105	3,858
Contributions from employees into the scheme	992	988
Benefits paid	(6,083)	(5,904)
Closing fair value of scheme assets	130,372	126,243

Reconciliation of Present Value of Scheme Liabilities

	2013/14 £000	2012/13 £000 (restated)
Opening balance at 1 st April	192,057	165,035
Current service cost	3,607	2,897
Interest cost	8,036	8,038
Contribution from scheme participants	992	988
Remeasurement gains/losses: <ul style="list-style-type: none"> Actuarial gains/losses arising from changes in demographic assumptions Actuarial gains/losses arising from changes in financial assumptions Other 	(1,937)	1,864
Past service cost	291	18
Benefits paid	(6,083)	(5,904)
Closing balance at 31st March	185,838	192,057

Local Government Pension Scheme Assets

	Fair Value of Scheme Assets							
	2013/14				2012/13			
	Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	% of Total Assets	Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	% of Total Assets
Cash and cash equivalents	7,235	-	7,235	6%	8,290	-	8,290	7%
Equity Securities								
• Consumer	11,242	-	11,242	9%	9,874	-	9,874	8%
• Manufacturing	18,469	-	18,469	14%	18,255	-	18,255	14%
• Energy & utilities	11,634	-	11,634	9%	10,878	-	10,878	9%
• Financial institutions	22,657	-	22,657	17%	20,583	-	20,583	16%
• Health and care	6,932	-	6,932	5%	6,444	-	6,444	5%
• Information technology	3,633	-	3,633	3%	3,553	-	3,553	3%
• Other	1,913	-	1,913	1%	1,571	-	1,571	1%
Sub-total Equity	76,480	-	76,480	58%	71,158	-	71,158	56%
Debt Securities								
• Corporate	647	-	647	0.5%	690	-	690	0%
• UK Government	16,192	-	16,192	12%	17,454	-	17,454	14%
• Other	3,793	-	3,793	3%	3,317	-	3,317	3%
Sub-total Debt	20,632	-	20,632	15.5%	21,461	-	21,461	17%
Property								
• UK Property	3,860	2,268	6,128	5%	3,927	2,078	6,005	5%
Private Equity								
• All	640	365	1,005	1%	677	371	1,048	1%
Investment Funds & Unit Trusts								
• Equities	14,202	266	14,468	11%	13,972	249	14,221	11%
• Bonds	-	3,851	3,851	3%	-	3,495	3,495	3%
• Infrastructure	-	573	573	0.5%	-	565	565	0%
Sub-total Investment Funds & Unit Trusts	14,202	4,690	18,892	14.5%	13,972	4,309	18,281	14%
Total Assets	123,049	7,323	130,372	100%	119,485	6,758	126,243	100%

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions payable in future years dependent on assumptions about mortality rates, salary levels etc. The scheme has been assessed

by Hymans Robertson, an independent firm of actuaries, based on the latest full valuation of the scheme at 31st March 2013.

The significant assumptions used by the actuary are:

	2013/14	2012/13
Mortality assumptions:		
Longevity at 65 for current pensioners		
• Men	22.0	22.2
• Women	24.2	24.8
Longevity at 65 for future pensioners		
• Men	24.1	24.0
• Women	26.6	26.8
Rate of inflation	2.8%	2.4%
Rate of increase in salaries	3.6%	4.15%
Rate of increase in pensions	2.8%	2.4%
Rate for discounting scheme liabilities	4.3%	4.2%
Take up of option to convert annual pension into retirement lump sum – pre April 2008 service	50%	50%
Take up of option to convert annual pension into retirement lump sum – post April 2008 service	75%	N/A

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant.

The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated.

The estimations in the sensitivity analysis have followed the accounting policies for the scheme, ie on an actuarial basis using the projected unit credit method. The methods and types of assumption used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the Defined Benefit Obligation in the Scheme	Approximate % increase to Employer Liability	Approximate monetary amount £000
0.5% decrease in Real Discount Rate	10%	17,665
1 year increase in member life expectancy	3%	5,575
0.5% increase in Salary Increase Rate	3%	5,203
0.5% increase in Pension Increase Rate	7%	12,282

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary

to achieve a funding level of 100% over the next 19 years. Funding levels are reviewed as part of the triennial valuation process. The next triennial valuation is due to be completed on 31st March 2016.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Act 2013. Under the Act, the Local Government Pension Scheme may not provide benefits in relation to service after 31st March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in 2014/15 is £3.835m.

The weighted average duration of the defined benefit obligation for scheme members is 22.7 years for active and deferred members and 11.3 years for pensioner members. Taken together the weighted average duration for 13/14 is 17.4 years.

With the exception of the tables detailing transactions in the Comprehensive Income & Expenditure Statement and the Movement in Reserves Statement, the pension fund details in note 15 do not include Chesterfield Borough Council's share of the Crematorium pension fund which has its own separate fund. These are reported separately in the accounts of the Chesterfield & District Joint Crematorium Committee.

16. **MEMBERS' ALLOWANCES**

The allowances and expenses paid to Members were as follows:

	2013/14 £000	2012/13 £000
Special Responsibility & Other Allowances	131	153
Basic Responsibility Allowances	211	207
Members expenses	8	8
TOTAL	350	368

A schedule of the amounts paid to individual Members is published each year in the Council's newspaper. The schedule can also be viewed on the Council's web-site (www.chesterfield.gov.uk)

17. **GRANT INCOME**

The Authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2013/14.

	2013/14 £000	2012/13 £000
Credited to Taxation & Non Specific Grant Income		
Revenue Support Grant	4,430	129
Transition Grant	-	823
Council Tax Freeze Grant	-	115
New Homes Bonus Grant	376	209
EDF Energy	-	2,301
Homes & Communities Agency	2,300	-
Heritage Lottery Fund	342	619
Dept Communities & Local Government: -		
• Small Business Rate Relief	503	-
• Other	23	17
Big Lottery Fund	230	-
ERDF	1,396	268
Arts Council	33	-
Other	120	3
TOTAL	9,753	4,484

Credited to Services:		
Capital		
Dept Communities & Local Government - Housing	447	552
Dept of Energy & Climate Change	127	77
Environment Agency	43	-
Other	3	-
Revenue		
Dept for Work & Pensions – Housing Benefits	894	935
Dept Communities & Local Government - Homelessness	-	85
Dept Communities & Local Government - Other	314	451
Arts Council	10	90
Lottery Fund	172	-
Other Government Grants	33	28
Derbyshire County Council:		
- Supporting people	508	443
- Highways agency	254	254
- Other	152	206
Other Local Authorities	21	94
Primary Care Trust	16	16
S106 Contributions	100	48
TOTAL	3,094	3,279

The Authority has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that will/may require the monies to be returned. The balances at year end are as follows:

	2013/14 £000	2012/13 £000
Capital Grants Receipts in Advance		
Environment Agency	316	-
Derbyshire Fire Authority	-	20
Derbyshire County Council	4	4
S106 Contributions	10	11
TOTAL	330	35

18. EXTERNAL AUDIT COSTS

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and to non-audit services provided by KPMG who are our appointed auditor.

	2013/14 £'000	2012/13 £'000
Audit of Accounts	69	69
Certification of Grant Claims	4	11
Total	73	80

19. MOVEMENTS IN PROPERTY, PLANT & EQUIPMENT

<u>Movements in 2013/14</u>	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infra-structure Assets	Community Assets	Surplus Assets	Assets Under Construction	TOTAL
	£000	£000	£000	£000	£000	£000	£000	£000
Gross Book Value:								
Brought forward 1 April	252,365	61,962	3,026	5,835	4,072	1,228	1,173	329,661
Additions	12,283	153	175				1,750	14,361
Revals - Reval'n Res	315	417				21		753
Revals - surplus/deficit on provision of services	4,536	(659)						3,877
Derecog'n - disposals	(1,660)		(119)					(1,779)
Derecog'n - other	(1,922)	(945)	(634)					(3,501)
Reclassified to/from Held For Sale		(158)						(158)
Other movements	(2)	1,327					(1,327)	(2)
GBV at 31 March 14	265,915	62,097	2,448	5,835	4,072	1,249	1,596	343,212
Accumulated Depreciation & Impairment:								
Brought forward 1 April	-	(3,585)	(2,448)	(2,203)	-	(2)	-	(8,238)
Additions - depreciation	(6,710)	(1,634)	(195)	(232)		(1)		(8,772)
Additions - impairment	(202)							(202)
Revals - Reval'n Res		696						696
Revals - surplus/deficit on provision of services	6,547							6,547
Derecog'n - disposals	250		114					364
Derecog'n - other	113	778	634					1,525
Reclassified to/from Held For Sale		9						9
Other movements	2							2
Depreciation & Impairment at 31 March 14	-	(3,736)	(1,895)	(2,435)	-	(3)	-	(8,069)
Net Book Value B/fwd	252,365	58,377	578	3,632	4,072	1,226	1,173	321,423
Net Book Value at 31 March 14	265,915	58,361	553	3,400	4,072	1,246	1,596	335,143

Movements in 2012/13	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infra-structure Assets	Community Assets	Surplus Assets	Assets Under Construction	TOTAL
	£000	£000	£000	£000	£000	£000	£000	£000
Gross Book Value:								
Brought forward 1 April	255,563	60,822	2,947	5,835	4,072	1,885	446	331,570
Adj re Crematorium minority interests		41	1				22	64
Additions	15,949	231	117				1,444	17,741
Revals - Reval'n Res	(59)	927						868
Revals - surplus/deficit on provision of services	(8,442)	(325)						(8,767)
Derecog'n - disposals	(1,109)		(39)			(657)		(1,805)
Derecog'n - other	(2,411)	(177)						(2,588)
Reclassified to/from Held For Sale	(54)							(54)
Other movements	(7,072)	443					(739)	(7,368)
GBV at 31 March 13	252,365	61,962	3,026	5,835	4,072	1,228	1,173	329,661
Accumulated Depreciation & Impairment:								
Brought forward 1 April	-	(2,824)	(2,235)	(1,972)	-	(1)	-	(7,032)
Adj re Crematorium minority interests		(4)	(1)					(5)
Additions - depreciation	(6,774)	(1,564)	(248)	(231)		(1)		(8,818)
Additions - impairment	(418)							(418)
Revals - Reval'n Res		696						696
Revals - surplus/deficit on provision of services		39						39
Derecog'n - disposals			36					36
Derecog'n - other		52						52
Other movements	7,192	20						7,212
Depreciation & Impairment at 31 March 13	-	(3,585)	(2,448)	(2,203)	-	(2)	-	(8,238)
Net Book Value B/fwd	255,563	57,998	712	3,863	4,072	1,884	446	324,538
Net Book Value at 31 March 13	252,365	58,377	578	3,632	4,072	1,226	1,173	321,423

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

Council Dwellings:	35 – 80 years
Other Land & Buildings:	20 – 60 years
Vehicles, Plant, Furniture & Equipment:	10% to 28.5% of carrying amount
Infrastructure	20 – 40 years

20. HERITAGE ASSETS

The Heritage Assets owned by the Council are largely peripheral to its main objectives, and are held entirely with the objective of preserving them for future

generations because of their cultural, environmental or historical association with the borough.

Reconciliation of the carrying value of Heritage Assets held by the Authority:

Asset Class	Balance B/F at 01.04.13 £000	Additions £000	Disposals £000	Revals (RR) £000	Revals (S/D on Prov of Servs) £000	Other Changes £000	Balance C/F at 31.03.14 £000
Rosewall Sculpture	950						950
Historic Sites & Buildings	320						320
Museum Collection (mainly fine & decorative arts)	265						265
Civic Plate, Paintings & Porcelain	155						155
Mayoral Regalia	132						132
Assets Carried at Valuation	1,822						1,822
Barrow Hill Railway Heritage Centre	344						344
War Memorials etc.	38						38
Percent for Art Sculptures	-						-
Museum Collection	-						-
Assets Carried at Cost	382						382
TOTAL HERITAGE ASSETS	2,204						2,204

Historic Sites & Buildings

These assets are measured at valuation using conventional valuation approaches. They were valued as at April 2010 by Kier who are the Authority's Asset Management partner, in accordance with the Statements of Asset Valuation Practice & Guidance Notes of the Royal Institute of Chartered Surveyors. The exception to this is Barrow Hill Railway Heritage Centre which is measured at historical cost. They will be valued every five years as part of the Authority's rolling programme.

Rosewall Sculpture

The sculpture was acquired during 2008/09 and was valued immediately prior to purchase by Hazlett, Holland-Hibbert, a firm of specialist dealers in modern art at market value. Due to the cost involved, further appraisals will be infrequent.

Mayoral Regalia

This was valued in 2005 by the jewellers, Stuart Bradley Ltd and represents the cost of replacing the service potential of the asset. Due to the costs involved, further appraisals will be infrequent. Because of the length of time that has elapsed since the last valuation, the figure has been updated as at April 2010 using RPI as a reference index. No material additions or disposals have occurred since the valuation was prepared.

Civic Plate, Paintings & Porcelain

Both the Civic Plate and Civic Paintings were valued in 2005 by Stuart Bradley Ltd and Bamford's respectively. Due to the costs involved, further appraisals will be infrequent. Because of the length of time that has elapsed since the last valuation, the figure has been updated as at April 2010 using RPI as a reference index. No material additions or disposals have occurred since the valuation was prepared. The Civic Porcelain was valued by the Authority's own staff in March 2010.

Museum Collection

Those elements of the museum collection which have a readily ascertainable market value have been included in the Balance Sheet. The valuations were carried out in 1991 by Phillips Midlands and in 1993 by Henry Spencer & Sons. The value is based on formal valuation evidence, restated at April 2010 prices, using RPI as a reference index. No material additions or disposals have occurred since the valuation was prepared.

Assets not included in the Balance Sheet

War Memorials and Other Monuments – The Council has 17 war memorials together with various other monuments, including the Peace Fountain in Eastwood Park and the ‘Old Town Pump’ in the centre of Chesterfield market place. Only 4 of the war memorials and the Peace Fountain are included on the Balance Sheet, the former at a notional cost of £1 each. Reliable information on cost is not available. No further acquisitions or disposals of assets in this class of heritage assets is anticipated. These assets are not insured and it is considered impractical to obtain valuation information due to the lack of comparable transactions and the relative insignificance of the assets in purely financial terms.

Percent for Art – The Council supports the promotion of public art as good planning practice which brings cultural, environmental and economic benefit to local communities. Current planning policy requires developers of schemes costing more than £1m to include a work of art to the value of 1% of the total project cost on their development. The Council keeps a register of sculptures owned and maintained by it in the Forward Planning Section. The current register lists 22 sculptures since the scheme began in 1993, with 5 sculptures added since 1st April 2006. The Council manages a separate website www.chesterfieldarttrail.co.uk which gives details of where the existing artworks can be found.

It is considered impractical to obtain reliable information on cost for most of the assets in this category as some of the artworks were paid for by third parties and for those sponsored by the Authority, the difficulty of separating costs relating to artwork from other capital costs. These assets are not insured and it is considered impractical to obtain valuation information due to the lack of comparable transactions and the diversity of the assets themselves.

Museum Collection – The majority of the 30,000 objects in the museum collection are made up of objects of social and industrial history. A high proportion of the collection is made up of items of minimal commercial value. A part of the collection is exhibited in the museum which is open four days a week and admission is free. The rest is held in storage. The collection can be divided into five broad categories:

- Social and historical objects
- Fine arts (paintings and drawings)
- Decorative art (pottery and glass)
- Archaeological finds
- Material available for loans to schools

Except for recent acquisitions, reliable information on cost is not available. In general, conventional valuation approaches would not be suitable owing to the sheer number and diversity of items, coupled with the unique and irreplaceable nature of many of the

objects concerned. The collection is insured for £3.1m but this is regarded as a nominal and fairly arbitrary figure and therefore only those existing assets with a readily ascertainable market value have been recognised on the balance sheet.

The acquisition and disposal policy is available from the Museum Curator and is reviewed every 5 years. The next review will take place in 2014.

Assets included in the Balance Sheet

Historic Buildings

There are three assets included in this classification. These are the Barrow Hill Railway Heritage Centre which hosts Britain's last working roundhouse, the Revolution House which is an old stone cottage used as a museum, originally an alehouse used to plot the Revolution of 1688 and the Queens Park dovecote which is located in the Victorian park in the centre of Chesterfield. No further acquisitions or disposals are expected in this classification of heritage assets. All of these assets can be visited by the public and further information is available on the Council's website.

War Memorials/Monuments

Only 4 of the 17 war memorials in the Borough and the Peace Fountain in Hasland Park are included in the balance sheet, the former at a notional cost of £1 each. No further acquisitions or disposals are anticipated for this classification of heritage asset. All of the assets are accessible to the public.

Rosewall Sculpture

This was originally commissioned from Barbara Hepworth by the Post Office to stand outside their administrative offices when they relocated to Chesterfield in the 1960's. In 2008, the Post Office put the sculpture up for sale and it was purchased by the Council as it was considered to be an intrinsic element of Chesterfield and they did not wish to see the sculpture leave the area. It is located adjacent to the public footbridge from the town centre into Queens Park in the centre of Chesterfield. There are no plans to dispose of this asset.

Mayoral Regalia/Civic Plate, Paintings & Porcelain

These are kept in the Mayor's Parlour in the Town Hall. The parlour is accessible to the public on several occasions each year and to school parties by special arrangement. No further acquisitions or disposals are planned for this classification of heritage asset, although items are donated on an ad-hoc basis.

Museum Collection

A part of the collection is exhibited in the museum which is open four days a week and admission is free. The element of the collection included in the balance sheet consists mainly of the fine art collection.

Five Year Summary of Transactions

	2009/10* £000	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000
<u>Assets Carried at Valuation</u>					
Cost of acquisitions		-	-	-	-
Fair value of donations		-	-	-	-
Disposals – carrying amount		-	-	-	-
Disposals – sale proceeds		-	-	-	-
Impairment losses		-	-	-	-
<u>Assets Carried at Cost</u>					
Cost of acquisitions		-	-	-	-
Fair value of donations		-	-	-	-
Disposals – carrying amount		-	-	-	-
Disposals – sale proceeds		-	-	-	-
Impairment losses		-	-	-	-

* Figures for periods prior to 1st April 2010 are not provided as it is not practicable to do so. There were no transactions in respect of assets not reported on the balance sheet.

21. **MOVEMENTS IN INTANGIBLE ASSETS**

The Council accounts for its software as intangible assets. They are recognised in the Balance Sheet and the table below shows the movement during the year. The cost is being written off over the five year life of the licences on a straight line basis.

<u>Purchased Software Licences</u>	2013/14 £000	2012/13 £000
Net Carrying Amount:		
Brought forward 1 April	132	62
Additions	114	101
Disposals	-	-
Amortisation for the period	(10)	(31)
Carried forward 31 March	236	132

For 2013/14, total amortisation charges of £10k were included in the Comprehensive Income and Expenditure Statement as detailed in the table below.

<u>Analysis of Amortisation Charges</u>	2013/14 £000
Corporate and Democratic	10
Total	10

22. **CAPITAL COMMITMENTS**

The Council has approved a capital programme for the two year period to 2015/16 amounting to approximately £62m of which approximately £6.2m was contractually committed at 31st March 2014.

	Approved Expenditure £000	Committed £000
Council Housing	45,059	4,256
Renovation Grants	2,051	620
Leisure	9,387	509
Planning & Property	1,408	309
Other Schemes	4,050	587
	61,955	6,281

23. **CAPITAL EXPENDITURE & FINANCING**

The total amount of capital expenditure incurred in the year is shown in the table below together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed.

	2013/14 £000	2012/13 £000
Opening Capital Financing Requirement (CFR) 1st April	151,037	150,528
<u>Capital Investment</u>		
Property, Plant and Equipment	14,333	17,666
Investment Properties	3,925	1,268
Intangible Assets	114	101
Long Term Debtors	-	-
Revenue Expenditure Funded from Capital under Statute	824	916
<u>Financed by</u>		
Capital Receipts	(1,775)	(1,247)
Capital Grants & Contributions	(4,865)	(4,047)
Revenue Balances & Direct Revenue Financing	(9,936)	(13,635)
Minimum / Voluntary Revenue Provision	(2,458)	(345)
Use of Capital Receipts to Repay Debt	-	(168)
Closing Capital Financing Requirement 31st March	151,199	151,037
Increase/(Decrease) in CFR	162	509
<u>Analysis of Increase/(Decrease) in CFR</u>		
Supported by Government Financial Assistance	-	-
Unsupported by Government Financial Assistance	162	509
Increase/(Decrease) in CFR	162	509

24. **INVESTMENT PROPERTIES**

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

	2013/14 £000	2012/13 £000
Rental income from investment property	4,172	4,210
Direct operating expenses arising from investment property	1,343	1,430
Net gain/(loss)	2,829	2,780

Generally, there are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the revenue income and proceeds of disposal. The exceptions to this are as follows:

- Tapton House School was gifted to the authority and must be used for the benefit of the inhabitants of Chesterfield.
- Commercial and industrial units at Meadows Drive, Venture House and Prospect House were built by the authority but the construction was part funded by external grant funding. Net revenue income must be returned to these funding partners on an annual basis pro rata to the share of capital funding provided by them for the initial creation of the asset. Any proceeds on disposal of these assets would be returned on a similar basis.

The Council has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement except for the Pavements Centre, Dunston Farm and Tapton House where there is an obligation to maintain and repair.

The following table summarises the movement in the fair value of investment properties over the year:

	2013/14 £000	2012/13 £000
Balance at start of year	44,370	44,411
Adj – Crematorium minority interests	-	8
Additions:		
Subsequent expenditure	3,925	1,267
Disposals	(1,345)	(1,457)
Net gains/losses from fair value adjustments	12,386	(14)
Transfers:		
To/from property, plant & equipment	-	155
Other changes	-	-
Balance at end of year	59,336	44,370

25. FIXED ASSET VALUATION

The authority's freehold and leasehold properties have been valued by Kier, the Council's Asset Management partner, in accordance with the Statements of Asset

Valuation Practice and Guidance Notes of The Royal Institution of Chartered Surveyors. All assets are re-valued on a rolling programme basis over five years.

Plant and machinery includes such items that are not a fixture or fitting to a building.

Properties regarded by the authority as operational were valued on the basis of existing use value or, where this could not be assessed because there was no market based evidence for the subject asset, the depreciated replacement cost.

Infrastructure, community assets and assets under construction are included in the balance sheet at historical cost, net of depreciation.

Except for those dwellings which the Authority leases out to other providers of social housing and a small number of impaired properties, the stock of council dwellings was re-valued as at 31st March 2014 in accordance with Government guidelines. The basis of the valuation for the bulk of the housing stock within the HRA is Existing Use Value for Social Housing (see note 4 on page 94).

The statement below shows the progress of the Council's rolling programme for the revaluation of fixed assets. The valuations are carried out by Kier. Where the valuations have not been updated in recent years the authority has assessed that there has been no material change in value. The basis of the valuations is set out in Note 1.13 of the Summary of Significant Accounting Policies.

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Surplus Assets	Total
Valued at historical cost		263	553		816
<u>Valued at current value:</u>					
2013/14	264,619	6,213		1,108	271,940
2012/13	63	10,821			10,884
2011/12	1,233	21,026		138	22,397
2010/11		17,551			17,551
2009/10		2,487			2,487
Total Net Book Value	265,915	58,361	553	1,246	326,075

26. DEPRECIATION

The treatment of depreciation is described in Note 1.14 (page 29) of the Summary of Significant Accounting Policies.

27. IMPAIRMENT LOSSES

During 2013/14, the Council recognised an impairment loss of £202,396 in relation to 10 council dwellings on the Middlecroft estate. These properties are subject to subsidence and are not capable of cost effective or satisfactory repair and restoration.

The recoverable amount of these properties has been reduced to their fair value and was determined by site value. The impairment loss has been charged to the Local Authority Housing (HRA) line in the Comprehensive Income & Expenditure Statement and is included in the Council Housing Portfolio in note 54 on Resource Allocation Decisions.

28. LONG TERM DEBTORS

These are debtors which fall due after a period of at least one year.

	31 st March	
	2013/14 £000	2012/13 £000
Housing Associations	76	77
Sale of Council Houses	-	1
Chesterfield Football Club	886	914
Operating Lease Incentives	75	89
Other	245	220
Total	1,282	1,301

29. LEASES

Authority as Lessee

Finance Leases

The Authority has no finance leases.

Operating Leases

The Authority has a number of operating leases. The future minimum lease payments due under non-cancellable leases in future years are:

	31 st March	
	2014 £000	2013 £000
Not later than 1 year	625	613
Later than 1 year and not later than 5 years	1,276	1,600
Later than 5 years	51	190
Total	1,952	2,403

The total of future minimum sublease payments expected to be received under non-cancellable subleases at 31st March, 2014 was £6k (£36k at 31st March, 2013).

The amounts recognised as an expense in Surplus or Deficit on Provision of Services are detailed below.

	Year Ended 31 st March	
	2014 £000	2013 £000
Minimum lease payments	669	648
Contingent rents	10	3
Total	679	651

Authority as Lessor

Finance Leases

The Authority has no finance leases.

Operating Leases

The Authority leases out industrial and commercial premises for economic development purposes to provide suitable affordable accommodation for local businesses.

The future minimum lease payments receivable under non-cancellable leases in future years are:

	31 st March	
	2014 £000	2013 £000
Not later than 1 year	1,883	2,180
Later than 1 year and not later than 5 years	3,926	4,134
Later than 5 years	3,757	3,902
Total	9,566	10,216

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2013/14, £378,496 contingent rents were receivable by the Authority (2012/13 £373,062).

30. INVENTORIES

	31st March	
	2014 £000	2013 £000
Direct Services	245	283
Crematorium	1	1
Other	71	74
Total	317	358

31. DEBTORS

	31st March	
	2014 £000	2013 £000
Sundry Debtors - Capital	-	4
Sundry Debtors - Revenue	3,204	2,978
Central Government Bodies	1,854	1,136
Other Local Authorities	1,209	1,432
Housing Revenue Account	928	1,233
Crematorium	51	96
Business Rate Payers	266	-
Council Tax Payers	206	196
Total	7,718	7,075

32. CASH & CASH EQUIVALENTS

The balance of cash and cash equivalents is made up of the following elements:

	31st March	
	2014 £000	2013 £000
Cash held	17	17
Bank current accounts	(60)	(294)
Short term deposits with banks	460	794
Total	417	517

33. ASSETS HELD FOR SALE

	Current		Non Current	
	2013/14 £000	2012/13 £000	2013/14 £000	2012/13 £000
<u>Investment Property Held for Sale</u>				
Balance brought forward at 1 April	1,632	485		
Assets newly classified as held for sale	668	1,458		
Assets declassified as held for sale	-	-		
Assets sold	(254)	(311)		
Balance carried forward at 31 March	2,046	1,632	-	-
<u>Other Assets Held for Sale</u>				
Balance brought forward at 1 April	54	-		
Assets newly classified as held for sale	149	54		
Assets declassified as held for sale	-	-		
Assets sold	(54)	-		
Balance carried forward at 31 March	149	54	-	-
<u>Net Sale Proceeds</u>				
Investment Property	316	418	-	-
Other Assets	176	-	-	-

34. CREDITORS

	31st March	
	2014 £000	2013 £000
Sundry creditors – Capital	734	460
Sundry creditors - Revenue	5,889	4,519
Central Government Bodies	1,212	1,704
Other Local Authorities	1,005	733
Housing Revenue Account	581	1,093
Crematorium	109	80
Advance Receipts: Business rates	424	-
Advance Receipts: Council tax	80	85
Total	10,034	8,674

35. PROVISIONS

The Council has established the following provisions under the appropriate legal power to cover potential liabilities:-

	Balance b/fwd 01/04/13	Movements in year		Balance c/fwd 31/03/14
		Additions	Applied	
Short Term Provisions				
Non Domestic Rate Appeals	-	686	-	686
D.L.O. Provision	295	294	(288)	301
Redundancy Provision	190	2	(190)	2
Total – Short Term Provisions	485	982	(478)	989
Long Term Provisions				
Transport Employee Pensions	965	23	(38)	950
Insurance Provision	1,506	229	(1,238)	497
MMI Provision	300	-	(289)	11
Other	-	4	-	4
Total – Long Term Provisions	2,771	256	(1,565)	1,462

D.L.O. Provision

Provision for potential future remedial works and losses.

Redundancy Provision

The provision is to meet those redundancies to which the Council is committed but which had not taken place at the end of the financial year.

Transport Employee Pensions

The provision is being built up in order to meet the Council's liability in respect of pensions of former Transport Undertaking employees who were transferred to the private sector on privatisation. An independent actuarial review of this fund takes place every three years. The next review will take place during 2014/15.

Insurance Provision

All major risks are insured externally and the Insurance Fund is used to finance the excesses on these policies. An independent actuarial review of this fund was undertaken in 2013 which suggested that the fund balance should be reapportioned between provisions and reserves. An amount of £393k has been transferred from the provision in 2013/14.

MMI Provision

The Council was insured by MMI until 1993 when the Company went into administration. In March 2012 the Supreme Court found against MMI in the Employers' Liability Policy Trigger case. The ruling means that MMI are liable to pay compensation for mesothelioma cases where they were the insurer at the date of exposure to asbestos, rather than the insurer at the time the disease develops. The judgement will have significant implications for the Company and the Scheme Creditors, of which the Council is one.

Because a solvent run-off is not possible, the Scheme of Arrangement has been triggered with claw back of some element of the claims paid since 1993 from the Council.

As at the 31st March 2014 the Council's claims paid and outstanding with MMI totalled £1.4m. The Council has been advised that it will be liable to pay 15% of these claims and an appropriate provision has therefore been included in the accounts.

Non Domestic Rate Appeals

The introduction of the business rates retention scheme from 1st April 2013, means that a proportion of successful rating appeals must be met by the local authority. Previously they were met by central government. A provision has been established to recognise the liability.

36. FINANCIAL INSTRUMENTS BALANCES

The borrowings, investments, cash and cash equivalents disclosed in the balance sheet are made up of the following categories of financial instruments:

	31 st March			
	Long term		Current	
	2014 £000	2013 £000	2014 £000	2013 £000
Loans & receivables	2,270	1,021	1,518	2,855
Available for sale	-	-	-	-
Financial assets at fair value through profit or loss	3,160	-	18,545	21,701
Financial assets carried at contract cost	-	-	4,700	4,624
Financial Assets	5,430	1,021	24,763	29,180
Financial liabilities at amortised cost	138,349	139,907	6,990	11,046
Financial liabilities at fair value through profit or loss	-	-	-	-
Financial liabilities carried at contract cost	-	-	8,272	6,885
Financial Liabilities	138,349	139,907	15,262	17,931

37. FINANCIAL INSTRUMENTS INCOME, EXPENSE, GAINS/LOSSES

The gains and losses recognised in the Comprehensive Income & Expenditure Statement in relation to financial instruments are made up as follows:

2013/14	Financial Liabilities	Financial Assets			Total £000
	Liabilities measured at amortised cost	Loans & Receivables	Available-for-sale assets	Fair value through Profit & Loss	
	£000	£000	£000	£000	
Interest expense	5,756	-	-	-	
Losses on derecognition	-	-	-	-	
Impairment losses	-	-	-	-	
Total expense in Surplus/Deficit on Provision of Services	5,756	-	-	-	5,756
Interest income	-	(107)	-	-	
Dividend income	-	-	(1)	-	
Increase in fair value	-	-	-	(49)	
Gains on derecognition	-	-	-	-	
Total income in Surplus/Deficit on Provision of Services	-	(107)	(1)	(49)	(157)
Gains on revaluation			-		
Losses on revaluation			-		
Amounts recycled to Surplus/Deficit on Provision of Services after impairment			-		
Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income & Expenditure			-		
Net (gain)/loss for year	5,756	(107)	(1)	(49)	

2012/13	Financial Liabilities	Financial Assets			Total £000
	Liabilities measured at amortised cost	Loans & Receivables	Available-for-sale assets	Fair value through Profit & Loss	
	£000	£000	£000	£000	
Interest expense	5,883	-	-	-	
Losses on derecognition	-	-	-	-	
Impairment losses	-	-	-	-	
Total expense in Surplus/Deficit on Provision of Services	5,883	-	-	-	5,883
Interest income	-	(138)	-	-	
Dividend income	-	-	(3)	-	
Increase in fair value	-	-	-	(216)	
Gains on derecognition	-	-	-	-	
Total income in Surplus/Deficit on Provision of Services	-	(138)	(3)	(216)	(357)
Gains on revaluation			-		
Losses on revaluation			-		
Amounts recycled to Surplus/Deficit on Provision of Services after impairment			-		
Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income & Expenditure			-		
Net (gain)/loss for year	5,883	(138)	(3)	(216)	

38. FAIR VALUE OF ASSETS & LIABILITIES CARRIED AT AMORTISED COST

Financial liabilities and financial assets represented by loans and receivables are carried in the balance sheet at amortised cost. Their fair value can be assessed by

calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- choice of an appropriate discount rate (based on the type of loan and its remaining life) from the PWLB premature repayment rates in force on the 31st March, 2014
- no impairment is recognised
- for both variable rate instruments and those expected to mature in the next 12 months, carrying amount is assumed to approximate to fair value
- the fair value of trade and other receivables is taken to be the invoiced or billed amount. The carrying amount is therefore a reasonable approximation of fair value and this category of financial instrument is therefore excluded from the figures below.

	31 st March 2014		31 st March 2013	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Financial Liabilities	145,339	154,542	150,953	168,083

The fair value is more than the carrying amount because the authority's portfolio of loans includes a number of fixed rate loans where the interest payable is higher than the rates available for similar loans at the balance sheet date. The commitment to pay interest above current market rates increases the amount that the authority would have to pay if the lender requested or agreed early repayment of loans.

	31 st March 2014		31 st March 2013	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Loans & Receivables	3,788	3,831	3,876	3,934

The fair value is higher than the carrying amount because the authority's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is higher than the rates available for similar loans at the balance sheet date. This guarantee to receive interest above current market rate increases the amount that the authority would receive if it agreed to early repayment of the loans.

39. NATURE & EXTENT OF RISKS FROM FINANCIAL INSTRUMENTS

The authority's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the authority
- Liquidity risk – the possibility that the authority may not have funds available to meet its commitments to make payments

- Market risk – the possibility that financial loss might arise for the authority as a result of changes in such measures as interest rates and stock market movements

The authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by officers using policies approved by the Council in the treasury management strategy which is reviewed annually. This provides written principles for overall risk management and for specific subjects such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits placed with financial institutions which includes fixed interest securities traded in an active market. Security of capital is considered to be of paramount importance and so, to minimise credit risk, lending is limited to counterparties on an approved list. This list is compiled using advice from our independent treasury advisers who have fully researched the background and credit worthiness of counterparties.

For lending decisions taken in-house, the authority operates individual counterparty exposure limits by value (£5m with any one institution and a group limit of £7.5m for a number of institutions under one ownership) and by duration (maximum of 12 months). The authority's core investments are managed externally, as a self-contained portfolio, in accordance with a formal agreement that sets out detailed parameters relating to credit worthiness and exposure limits.

No credit limits were exceeded during the reporting period and the authority does not expect any losses from non-performance by any of its counterparties.

The table below summarises the authority's potential maximum exposure to credit risk at 31st March based on experience of default and uncollectability over the last five financial years.

	Amount at 31 st March 2014	Historical experience of default	Historical experience adjusted for market conditions at 31 st March 2014	Estimated maximum exposure to default & uncollectabi lity £000	Estimated maximum exposure at 31 st March 2013 £000
	£000	%	%		
Deposits with banks & financial institutions	21,705	-	-	-	21,702
Bonds	-	-	-	-	
Customers	1,749	54.98	60.18	1,052	2,251
Total	23,454	-	-	1,052	23,953

The authority does not generally allow credit for customers, such that £1.74m (£2.149m in 2012/13) of the £1.749m (£2.251m in 2012/13) balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31st March 2014 £000	31st March 2013 £000
Less than three months	202	137
Three to six months	185	237
Six months to one year	235	504
More than one year	1,118	1,271
Total	1,740	2,149

Liquidity Risk

The authority has ready access to borrowings from the Public Works Loan Board (PWLB) so there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the authority will be bound to replace a significant proportion of its borrowings at a time of unfavourable interest rates. Our Treasury Management strategy specifies a maturity profile whose objective is to ensure a spread of repayments and avoid a large repayment in any one year.

The maturity analysis of financial liabilities is as follows:

Maturing within	31st March 2014 £000	31st March 2013 £000
1 year	6,930	10,753
1 to 2 years	2,936	1,861
2 to 5 years	6,077	6,743
5 to 10 years	11,817	10,783
10 to 15 years	13,424	13,534
15 to 20 years	18,895	16,785
20 to 25 years	24,600	24,800
25 to 30 years	21,400	22,800
30 to 35 years	17,000	17,000
35 to 40 years	12,600	14,800
40 to 45 years	6,000	6,000
45 to 50 years	3,600	4,800
Total	145,279	150,659

All trade and other payables are due to be paid in less than one year.

Market Risk

Interest Rate Risk

The authority is exposed to significant risk in terms of its exposure to interest rate movements on its borrowings and investments. For example, a rise in interest rates would have the following effects:

- Borrowings at variable rates – interest expense charged to Comprehensive Income & Expenditure Statement will rise
- Borrowings at fixed rates – fair value of liabilities borrowings will fall

- Investments at variable rates – interest income credited to Comprehensive Income & Expenditure Statement will rise
- Investments at fixed rates – fair value of assets will fall

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income & Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income & Expenditure Statement and will have a direct effect on the general fund balance. Movements in the fair value of fixed rate investments, other than those carried at amortised cost, will be reflected in the Comprehensive Income & Expenditure Statement.

The authority has a number of strategies for managing interest rate risk. For 2013/14, the upper limit for exposure to variable rate debt was £75.125m (£75.425m in 2012/13).

Changes to interest rates are reviewed quarterly and used to update the annual budget setting information. This allows any adverse changes to be accommodated.

The authority had no significant exposures to variable rate borrowings or variable rate investments at 31st March, 2014. At the same date, the authority was exposed to £21.705m (£21.702m 2012/13) of fixed rate investments through its external fund managers. These investments are traded in an active market and carried at fair value, with any changes therein having a direct impact on the Comprehensive Income and Expenditure Statement. The fund manager's terms of reference are designed to reduce the volatility of overall investment returns over the course of an interest rate cycle through the use of appropriate asset allocation strategies (see also Price Risk).

Price Risk

The authority does not invest in equity shares but does have an investment portfolio managed by external fund managers. Their terms of reference are that the fund be managed primarily for security and liquidity, with return a secondary consideration. Therefore whilst the authority is not in a position to directly manage this risk, its exposure to price movements is limited by the terms of reference imposed on the fund manager.

Foreign Exchange Risk

The authority has no financial assets or liabilities denominated in foreign currency and therefore has no exposure to losses arising from movements in exchange rates.

40. USABLE RESERVES

	31st March	
	2014 £000	2013 £000
Earmarked Reserves - Capital	1,440	1,131
Earmarked Reserves - Revenue	8,494	7,642
Total Earmarked Reserves (GF)	9,934	8,773
General Fund(GF) Working Balance	1,750	1,750
HRA Working Balance	12,495	8,276
Earmarked Reserves - HRA	362	183
Useable Capital Receipts Reserve	429	206
Capital Grants Unapplied	1,241	1,117
Total Usable Reserves	26,211	20,305

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement on page 17. A detailed breakdown of the Councils earmarked reserves is provided in Note 8. Two further reserves are included in the balance sheet within the Usable Reserves category and the details of these are shown below:

<u>Usable Capital Receipts Reserve</u>	2013/14 £000	2012/13 £000
Brought forward 1 April	206	-
Additions	2,759	2,271
Pooling liability	(760)	(650)
Financing of capital expenditure	(1,776)	(1,247)
Voluntary repayment of debt	-	(168)
Carried forward 31 March	429	206

<u>Capital Grants Unapplied</u>	2013/14 £000	2012/13 £000
Brought forward 1 April	1,117	1,344
Additions	677	465
Transfers (to)/from revenue	(53)	-
Financing of capital expenditure	(500)	(692)
Carried forward 31 March	1,241	1,117

41. UNUSABLE RESERVES

	31st March	
	2014 £000	2013 £000
Revaluation Reserve	13,651	12,659
Capital Adjustment Account	235,254	207,136
Financial Instruments Adjustment Account	(50)	(45)
Pensions Reserve	(55,791)	(66,103)
Deferred Capital Receipts Reserve	186	190
Collection Fund Adjustment Account	(397)	(27)
Accumulated Absences Account	(197)	(179)
Total Unusable Reserves	192,656	153,631

42. REVALUATION RESERVE

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised

The Reserve contains only revaluation gains accumulated since 1st April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2013/14 £000	2012/13 £000
Balance brought forward 1 st April	12,659	11,488
Adj – Crematorium minority interests	-	9
Revaluation gains	1,467	1,678
Revaluation and impairment losses	(19)	(114)
Amounts t/f to Cap Adj Account (Depreciation)	(396)	(386)
Amounts t/f to Cap Adj Account (Disposals)	(60)	(16)
Balance carried forward 31st March	13,651	12,659

43. **CAPITAL ADJUSTMENT ACCOUNT**

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement. The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

This Account contains accumulated gains and losses on Investment properties and gains recognised on donated assets that have yet to be consumed by the Authority.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1st April 2007, the date that the Revaluation Reserve was created to hold such gains.

	2013/14 £000	2012/13 £000
Balance brought forward 1st April	207,136	210,728
Adj – Crematorium minority interests	-	57
<u>Reversal of items recognised in the Comprehensive Income & Expenditure Statement</u>		
Property, Plant & Equipment: depreciation charges	(8,771)	(8,817)
Property, Plant & Equipment: net revaluation gains/(losses)	10,221	(9,146)
Intangible Assets: amortisation charges	(10)	(31)
Revenue expenditure funded from capital under statute	(824)	(916)
Disposal/derecognition of non-current assets	(4,378)	(4,618)
Gain/loss in fair value of investment properties	12,386	(14)
<u>Amounts transferred from the Revaluation Reserve</u>		
Depreciation adjustment	396	386
Disposal/derecognition adjustment	60	16
<u>Capital financing provisions</u>		
Application of usable capital receipts	1,775	1,415
Application of Major Repairs Reserve	9,082	8,863
Application of revenue balances and direct revenue financing	855	4,771
Capital grants/contributions recognised in revenue during the period	4,365	3,354
Application of Capital Grants Unapplied	500	693
Minimum revenue provision	2,458	346
Donated Assets	30	75
Principal repayments - deferred debtors	(27)	(26)
Balance carried forward 31st March	235,254	207,136

44. **FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT**

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses

relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

	2014 £000	2013 £000
Net (premium)/discount incurred in previous financial years to be recognised in the General Fund balance in accordance with statutory requirements	5	8
Net (premium)/discount incurred in the year and recognised in the Comprehensive Income & Expenditure Statement	-	-
Net (premium)/discount to be taken to the GF Balance	5	8
Balance of net (premium)/discount at 1 April	(45)	(37)
Amortised in year	(5)	(8)
Balance of net (premium)/discount at 31 March	(50)	(45)

45. PENSIONS RESERVE

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employers contributions to pension funds or pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2014 £000	2013 £000
Balance brought forward at 1st April	(66,103)	(53,107)
Adjustment – Crematorium minority interests	-	(13)
Actual gains or losses on pension assets and liabilities	12,873	(12,032)
Reversal of items relating to retirement benefits debited/credited to Surplus/Deficit on Provision of Services in Comprehensive Income & Expenditure Statement	(6,683)	(4,824)
Employers pension contributions	4,122	3,873
Balance at 31st March	(55,791)	(66,103)

46. DEFERRED CAPITAL RECEIPTS RESERVE

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

The balance relates to debt outstanding on assets transferred from North East Derbyshire District Council in 1974 and 1988.

	2014 £000	2013 £000
Balance brought forward at 1st April	190	192
Transfer to Capital Receipts Reserve on receipt of cash	(4)	(2)
Balance at 31st March	186	190

47. COLLECTION FUND ADJUSTMENT ACCOUNT

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2014 £000	2013 £000
Balance brought forward at 1st April	(27)	20
Amount by which council tax and non domestic rates income credited to Comprehensive Income & Expenditure Statement is different from council tax and non domestic rates income calculated for year in accordance with statutory requirements	(370)	(47)
Balance at 31st March	(397)	(27)

48. ACCUMULATED ABSENCES ACCOUNT

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for paid absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31st March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2014 £000	2013 £000
Balance brought forward at 1st April	179	243
Settlement or cancellation of accrual made at end of preceding year	(179)	(243)
Amounts accrued at end of current year	197	179
Balance at 31st March	197	179

49. CASHFLOW STATEMENT - ADJUST NET SURPLUS/DEFICIT ON THE PROVISION OF SERVICES FOR NON-CASH ADJUSTMENTS

	2013/14 £000	2012/13 (restated) £000
Depreciation	1,652	(17,545)
Impairment	(202)	(418)
Amortisation	(10)	(31)
Movement in Fair Value of Investments	3	159
(Increase)/decrease in Creditors	(1,691)	727
Increase/(decrease) in Debtors	1,083	935
Increase/(decrease) in Stock	(41)	(43)
Movement in Pension Liability	(2,561)	(1,632)
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(4,318)	(4,616)
Movement in Investment Property Value	12,386	-
Other non-cash items charged to net surplus/deficit on provision of services	3,636	(2,449)
Total	9,937	(24,913)

50. CASHFLOW STATEMENT - ADJUST FOR ITEMS IN NET SURPLUS/DEFICIT ON PROVISION OF SERVICES THAT ARE INVESTING & FINANCING ACTIVITIES

	2013/14 £000	2012/13 £000
Proceeds from sale of PPE, investment properties & intangible assets	2,756	2,269
Capital grants	5,041	3,819
Total	7,797	6,088

51. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

	2013/14 £000	2012/13 £000
Interest received	(173)	(379)
Interest paid	5,760	5,882

52. CASH FLOW STATEMENT – INVESTING ACTIVITIES

	2013/14 £000	2012/13 £000
Purchase of non-current assets	18,099	19,204
Purchase of short term and long term investments	1,250	2,000
Other payments for investing activities	28	19
Proceeds from sale of non-current assets	(2,735)	(2,254)
Proceeds from short term and long term investments	(1,000)	(3,500)
Other receipts from investing activities	(5,393)	(3,909)
Net cash flows from investing activities	10,249	11,560

53. CASH FLOW STATEMENT – FINANCING ACTIVITIES

	2013/14 £000	2012/13 £000
Cash receipts of short and long term borrowing	(5,310)	(5,000)
Other receipts from financing activities	-	-
Repayments of short and long term borrowing	7,885	9,367
Other payments for financing activities	208	(1,207)
Net cash flows from financing activities	2,783	3,160

54. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Council's Cabinet on the basis of budget reports analysed across portfolios. These portfolio reports are prepared using a different structure to those used in the financial statements.

In particular, income and expenditure from investment properties are included within the portfolio totals, but are excluded from the Cost of General Fund Services line in the Comprehensive Income and Expenditure Statement (see Note 10 for details).

The income and expenditure of the Authority's portfolios recorded in the budget reports for the year is as follows:

Portfolio Income & Expenditure 2013/14	Leader & Regeneration	Deputy Leader & Planning	Environment	Housing	Leisure, Culture & Tourism	Governance	Customers & Communities	Council Housing	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Fees, Charges & Other Service Income	281	4,885	3,923	25	4,492	254	406	37,007	51,273
Government Grants	-	43	10	629	45	-	37,389	-	38,116
Recharges & Other Income	284	2,223	1,807	70	559	4,310	2,680	2,024	13,957
Total Income	565	7,151	5,740	724	5,096	4,564	40,475	39,031	103,346
Employee expenses	307	1,418	1,812	207	3,046	2,231	443	3,802	13,266
Other service expenses	341	3,283	6,689	728	4,135	2,896	39,528	12,138	69,738
Support service recharges	300	1,114	1,959	63	739	2,469	2,024	2,515	11,183
Capital charges	45	(12,088)	1,218	787	4,057	124	70	(7,318)	(13,105)
Provision for impairment	-	30	4	-	(1)	-	(53)	89	69
Transfer to/from reserves	-	(7)	3	(35)	(51)	-	(27)	-	(117)
Total Expenditure	993	(6,250)	11,685	1,750	11,925	7,720	41,985	11,226	81,034
NET EXPENDITURE	428	(13,401)	5,945	1,026	6,829	3,156	1,510	(27,805)	(22,312)

Portfolio Income & Expenditure 2012/13	Leader & Regeneration	Deputy Leader & Planning	Environment	Housing	Leisure, Culture & Tourism	Governance	Customers & Communities	Council Housing	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Fees, Charges & Other Service Income	388	4,800	3,926	56	4,435	265	-	35,679	49,549
Government Grants	-	3	10	646	90	-	46,035	-	46,784
Recharges & Other Income	160	2,188	1,766	164	716	4,476	2,962	1,700	14,132
Total Income	548	6,991	5,702	866	5,241	4,741	48,997	37,379	110,465
Employee expenses	318	1,344	1,853	220	3,317	2,503	413	3,497	13,465
Other service expenses	339	3,174	6,622	597	4,036	2,939	47,981	11,293	76,981
Support service recharges	269	1,125	1,982	89	912	2,383	2,091	2,396	11,247
Capital charges	45	182	598	911	1,153	164	(33)	15,801	18,821
Provision for impairment	6	51	6	-	4	1	81	253	402
Transfer to/from reserves	-	5	(5)	41	51	-	27	-	119
Total Expenditure	977	5,881	11,056	1,858	9,473	7,990	50,560	33,240	121,035
NET EXPENDITURE	429	(1,110)	5,354	992	4,232	3,249	1,563	(4,139)	10,570

Reconciliation of Portfolio Income & Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of Portfolio Income and Expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2013/14 £000	2012/13 £000
Net expenditure in Portfolio analysis	(22,312)	10,570
Add: Amounts in Comprehensive Income & Expenditure Statement not reported in the analysis	(2,424)	(704)
Less: Amounts included in analysis not in Comprehensive Income & Expenditure Statement	15,499	2,769
Cost of Services in Comprehensive Income & Expenditure Statement	(9,237)	12,635

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of Portfolio Income and Expenditure relate to a subjective analysis of the Surplus/Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2013/14	Portfolio analysis £000	Amounts not in analysis but in Cost of Services £000	Amounts in analysis not in Cost of Services £000	Cost of Services £000	Corporate Amounts £000	Total £000
Fees, Charges & Other Service Income	51,273	614	(4,172)	47,715	4,172	51,887
Government Grants	38,116	449	(30)	38,535	9,404	47,939
Recharges & Other Income	13,957	277	84	14,318	1,095	15,413
Interest & Investment Income	-	-	-	-	173	173
Income from Business Rates	-	-	-	-	2,552	2,552
Income from Council Tax	-	-	-	-	4,300	4,300
Total Income	103,346	1,340	(4,118)	100,568	21,696	122,264
Employee expenses	13,266	(159)	190	13,297	55	13,352
Other service expenses	69,738	(1,022)	(940)	67,776	1,100	68,876
Support service recharges	11,183	18	(226)	10,975	226	11,201
Depreciation, amortisation and impairment	(13,036)	79	12,357	(600)	(12,356)	(12,956)
Transfers to/from reserves	(117)	-	-	(117)	-	(117)
Interest payments	-	-	-	-	8,530	8,530
Precepts	-	-	-	-	306	306
Payments to Housing Capital Receipts Pool	-	-	-	-	760	760
Gain/Loss on Disposal of Fixed Assets	-	-	-	-	1,646	1,646
Total Expenditure	81,034	(1,084)	11,381	91,331	267	91,598
(Surplus)/Deficit on Provision of Services	(22,312)	(2,424)	15,499	(9,237)	(21,429)	(30,666)

2012/13	Portfolio analysis	Amounts not in analysis but in Cost of Services	Amounts in analysis not in Cost of Services	Cost of Services	Corporate Amounts (restated)	Total (restated)
	£000	£000	£000	£000	£000	£000
Fees, Charges & Other Service Income	49,549	560	(4,209)	45,900	4,209	50,109
Government Grants	46,784	479	60	47,323	8,850	56,173
Recharges & Other Income	14,132	431	198	14,761	3,161	17,922
Interest & Investment Income	-	-	-	-	379	379
Income from Council Tax	-	-	-	-	4,969	4,969
Total Income	110,465	1,470	(3,951)	107,984	21,568	129,552
Employee expenses	13,465	(632)	72	12,905	71	12,976
Other service expenses	76,981	1,042	(980)	77,043	1,098	78,141
Support service recharges	11,247	25	(208)	11,064	209	11,273
Depreciation, amortisation and impairment	19,223	331	(66)	19,488	66	19,554
Transfers to/from reserves	119	-	-	119	-	119
Interest payments	-	-	-	-	8,463	8,463
Precepts	-	-	-	-	385	385
Payments to Housing Capital Receipts Pool	-	-	-	-	650	650
Gain/Loss on Disposal of Fixed Assets	-	-	-	-	2,383	2,383
Total Expenditure	121,035	766	(1,182)	120,619	13,325	133,944
(Surplus)/Deficit on Provision of Services	10,570	(704)	2,769	12,635	(8,243)	4,392

55. RELATED PARTY TRANSACTIONS

The Code requires that material transactions with third parties that have the potential to control or influence the Council or to be controlled or influenced by the Council are disclosed in the accounts. For this Council, these parties are mainly Central Government, other Local Authorities, subsidiary and associated companies, joint ventures and joint venture partners, Members, Chief Officers, Senior Officers and the pension fund.

Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

Central Government

The UK Central Government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (eg council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 54 on reporting for resources allocation decisions. Grant receipts outstanding at 31st March 2014 are shown in note 17.

Members and Officers

Members of the Council have direct control over the Council's financial and operating policies. The total of members allowances paid in 2013/14 is shown in Note 16. In addition, the Council paid grants totalling £294,430 to voluntary organisations in which 15 members had positions on the governing body. In all instances, the grants were

made with proper consideration of declarations of interest. The relevant members did not take part in any discussion relating to the grants.

Council Members and senior officers are required to make annual disclosures of the pecuniary and non-pecuniary interests to the Council's monitoring officer for inclusion in the Register of Members interests and the Declaration of Personal Interests (Officers). Members are also required to declare any interest on individual committee agenda items being discussed at meetings. Finally a separate declaration has been returned at year end by all members and senior officers. The returns confirm that there are no material interests in related parties beyond those in voluntary organisations declared above.

Subsidiary and Associated Companies

The authority had no interest in subsidiary or associated companies in the year.

Joint Ventures and Joint Venture Partners

The Council is a partner in the Sheffield City Region Local Enterprise Partnership which consists of 9 local authorities in an informal voluntary partnership to promote strategic economic development. This partnership will be formalised in 2014/15 when it becomes the Sheffield City Region combined authority from 1st April 2014.

The Council has a shared internal audit consortium and building control consortium with Bolsover and North East Derbyshire District Councils. Other joint arrangements may be explored with neighbouring authorities in the future.

Chesterfield Borough Council is a partner in Chesterfield Waterside Ltd, a public/private partnership created to secure the regeneration of a strategic area within the borough. It has three Board members and the Leader of the Council is our representative.

56. BOLSOVER, CHESTERFIELD & NORTH EAST DERBYSHIRE DISTRICT COUNCILS INTERNAL AUDIT CONSORTIUM

On 1st April 2007, Chesterfield, Bolsover and North East Derbyshire District Councils formally entered an agreement to operate an internal audit consortium.

During the year, the consortium retained a surplus of £115,096 (£50,966 in 2012/13).

The Council's proportion of the consortium's net surplus at the 31st March 2014 is £41,584 (£18,654 at 31st March 2013).

57. CHESTERFIELD & DISTRICT JOINT CREMATORIUM COMMITTEE

The Council operates a Crematorium jointly with Bolsover and North East Derbyshire District Councils.

The accounts include our share of all transactions, assets, liabilities, income and expenditure.

The proportion of transactions is based on the number of cremations of residents within the three districts over a rolling 3 year period.

The following percentages have been applied:

Year	Chesterfield Borough Council	North East Derbyshire District Council	Bolsover District Council
2013/14	55%	31%	14%
2012/13	55%	31%	14%

The figures below show Chesterfield Borough Council's share of the Chesterfield & District Joint Crematorium's income, expenditure, assets and liabilities included in the Comprehensive Income & Expenditure Statement and Balance Sheet based on the split outlined above.

Income & Expenditure Account

2012/13 Net Expenditure £000		2013/14		
		Expenditure £000	Income £000	Net Expenditure £000
(333)	Environmental	530	(663)	(133)
(333)	Net Cost of Service	530	(663)	(133)

Balance Sheet

2012/13 £000		2013/14 £000
	<u>Long Term Assets</u>	
1,322	Other Land & Buildings	1,268
3	Vehicles, Plant, Furniture & Equipment	2
-	Assets under Construction	21
138	Investment Properties	138
	<u>Current Assets</u>	
1	Stock	1
96	Debtors	51
370	Cash	702
	<u>Current Liabilities</u>	
(80)	Creditors	(109)
	<u>Long Term Liabilities</u>	
683	Pension Scheme Assets	680
(972)	Pension Scheme Liabilities	(1,005)
1,561	Net Assets	1,749
209	Revaluation Reserve	201
1,237	Capital Adjustment Account	1,211
(289)	Pensions Reserve	(325)
215	Earmarked Reserves	361
189	Balances – Revenue Surplus	301
1,561	Total Reserves	1,749

58. TRUST FUNDS

The Council acts as sole trustee for one trust fund. The assets are not held by the Authority and they are not included in the Balance Sheet. The asset is an investment and the interest from this investment is used to provide a day out for disadvantaged children from the Newbold, Dunston and Old Whittington areas of the Borough.

Uncle Billy's Trust Fund	Income £000	Expenditure £000	Capital Value of Fund £000
2013/14	(3)	4	67
2012/13	(3)	3	61

59. THE ARVATO PARTNERSHIP

2013/14 is the fourth year of a ten year Public Private Partnership (PPP) contract for a range of back office services including revenues and benefits, human resources and payroll, IT, Facilities Maintenance, Asset Management and Invoice Processing together with call centre and reception services.

The contract specifies minimum standards for services, measured by key performance indicators, with deductions from the fee payable if performance falls below these minimum standards. The contract is subject to an annual indexation increase.

As part of the agreement, the contractor undertook to make and fund improvements to the Revenues Hall in Chesterfield to create a customer service centre, at no cost to the Council. These works were completed during 2012/13. The Revenues Hall will be returned to the Authority for no consideration at the end of the 10 year contract. The improvements have increased the value of the Revenues Hall and the resulting enhancement has been recognised on the Council's balance sheet.

The Authority makes an agreed payment each month which is increased annually each year by inflation and can be reduced if the contractor fails to achieve its key performance indicators but which is otherwise fixed. Payments remaining to be made under this contract at 31st March 2014 (excluding any estimation of inflation and performance deductions) are as follows:

	Payment for Services £000
Payable in 2014/15	4,690
Payable within two to five years	18,639
Payable within five to ten years	7,191
Total	30,520

60. CONTINGENT ASSETS

The Council is awaiting the outcome of a VAT refund claim which is yet to be resolved. It involves a claim of £5.5m relating to the Isle of Wight off-street car parking case for which a protective claim has been lodged.

HM Customs regard car parking as vatable but it is the view of local authorities that this is a statutory function and should therefore be treated as non-business income. Whilst the case is being considered, this authority has continued to pay the VAT to HM Customs to comply with their assertion that the income is vatable.

If the Courts decide that the local authority interpretation is correct, then the Council will receive a £5.5m refund from HM Customs.

61. CONTINGENT LIABILITIES

Property searches

The Council is a defendant in proceedings brought by a group of Property Search Companies for refunds of fees paid to the Council to access land charges data. They are seeking to claim refunds although no proceedings have yet been issued. The Council has been informed that the value of those claims at present is £45,059 excluding interest and costs. The group of Property Search Companies have also intimated that they may bring a claim against all English and Welsh local authorities for alleged anti-competitive behaviour. It is not clear what the value of any such claim would be against the Council. It is possible that additional claimants may come forward to submit claims for refunds, but none have been intimated at present.

NNDR Appeals

The Collection Fund account includes a provision for appeals against business rate valuation assessments which were lodged by 31st March 2014. Further appeals against valuations on the 2010 valuation list may be received in future years. The value of this liability is estimated at £335,000.

Municipal Mutual Insurance

The Scheme of Arrangement was enacted in 2012/13. The liability on the Council as a scheme creditor cannot be fully estimated at this stage for unknown claims incurred but not yet reported. Whilst the Council has considered the financial impact in producing the Statement of Accounts, there is a risk that the Council's financial liability could increase from this level.

62. PENSIONS: CHANGE IN ACCOUNTING POLICY REQUIRED BY THE CODE

The Code of Practice on Local Authority Accounting 2013/14 has introduced a change to the accounting treatment for Defined Benefit Pension schemes. This has required prior period adjustments to be made to the Council's 2012/13 published financial statements. There is no impact on the Balance Sheet.

The impact of these changes on the Council's other published core financial statements are listed below. Where disclosure notes have been restated in line with these adjustments, they have been headed accordingly.

Comprehensive Income & Expenditure Statement

	2012/13 Net Expenditure £000	Pension Restatement £000	2012/13 Net Expenditure Restated £000
Financing & Investment income & expenditure			
Pension Interest costs	8,081	(8,081)	-
Expected Return on pension assets	(6,181)	6,181	-
Net Interest cost	-	2,581	2,581
(Surplus)/Deficit on Provision of Services	3,711	681	4,392
Actuarial (gains)/losses on pension fund	12,032	(681)	11,351
Other Comprehensive Income & Expenditure	10,506	(681)	9,825
Total Comprehensive Income & Expenditure	14,217	-	14,217

Movement in Reserves Statement

	General Fund Balance (restated) £000	Earmarked General Fund Reserve £000	Housing Revenue Account £000	Earmarked Housing Revenue Account Reserve £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves (restated) £000	Unusable Reserves (restated) £000	Total Reserves (restated) £000
Balance at 31st March 2012	1,500	9,643	6,397	148	-	-	1,344	19,032	169,042	188,074
Adjustment to balance at 31 st March 2012 due to change in Crematorium proportion	-	27	-	-	-	-	-	27	52	79
Movement in reserves during 2012/13										
Surplus/ (deficit) on provision of services	(697)	333	(3,347)	-	-	-	-	(3,711)	-	(3,711)
Restatement adjustment for surplus/(deficit) on provision of services	(681)	-	-	-	-	-	-	(681)	-	(681)
Restated Surplus/(deficit) on provision of services	(1,378)	333	(3,347)	-	-	-	-	(4,392)	-	(4,392)
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	-	-	(10,506)	(10,506)
Restatement adjustment on Other Comprehensive Income & Expenditure	-	-	-	-	-	-	-	-	681	681

Restated Other Comprehensive Income & Expenditure	-	-	-	-	-	-	-	-	(9,825)	(9,825)
Total Comprehensive Income & Expenditure	(697)	333	(3,347)	-	-	-	-	(3,711)	(10,506)	(14,217)
Restatement adjustment for Total Comprehensive Income & Expenditure	(681)	-	-	-	-	-	-	(681)	681	-
Restated Total Comprehensive Income & Expenditure	(1,378)	333	(3,347)	-	-	-	-	(4,392)	(9,825)	(14,217)
Adjustments between accounting basis & funding basis under regulations	(14)	(269)	5,263	-	169	-	(228)	4,921	(4,921)	-
Restatement adjustment for adjustments between accounting basis & funding under regulations	681	-	-	-	-	-	-	681	(681)	-
Restated Adjustments between accounting basis & funding under regulations	667	(269)	5,263	-	169	-	(228)	5,602	(5,602)	-
Net Increase / Decrease before transfer to Earmarked Reserves	(711)	64	1,916	-	169	-	(228)	1,210	(15,427)	(14,217)
Transfer to/from Earmarked Reserves	961	(960)	(37)	36	36	-	-	36	(36)	-
Increase / Decrease in 2012/13	250	(896)	1,879	36	205	-	(228)	1,246	(15,463)	(14,217)
Balance at 31st March 2013 carried forward	1,750	8,774	8,276	184	205	-	1,116	20,305	153,631	173,936

Cashflow Statement

	2012/13 £000	Pension Restatement £000	2012/13 Restated £000
Net (surplus)/deficit on provision of services	3,711	681	4,392
Adjustments to net (surplus)/deficit on provision of services for non-cash movements	(24,232)	(681)	(24,913)
Adjustments for items included in net (surplus)/deficit on provision of services that are investing and financing activities	6,088	-	6,088
Net cash flows from Operating Activities	(14,433)	-	(14,433)

HOUSING REVENUE ACCOUNT (HRA) INCOME & EXPENDITURE STATEMENT

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost.

The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

HOUSING REVENUE ACCOUNT (HRA) INCOME & EXPENDITURE STATEMENT

	Notes	2013/14 £000	2012/13 £000
<u>Income:</u>			
Dwellings Rents	1	35,365	33,867
Charges for Services and Facilities		640	561
Non-Dwelling Rents		664	561
Contribution towards Expenditure		516	494
Total Income		37,185	35,483
<u>Expenditure:</u>			
Supervision & Management : General		5,416	4,915
Special		2,377	2,186
Rents, Rates, Taxes & Other Charges		262	164
Repairs and Maintenance		8,783	8,235
Negative HRA Subsidy		-	(15)
Depreciation & Impairment of non-current assets		(4,062)	15,747
Debt Management Costs		58	54
Movement in the allowance for bad debts		89	253
Total Expenditure		12,923	31,539
Net Expenditure/(Income) of Services as included in the Comprehensive Income & Expenditure Statement		(24,262)	(3,944)
HRA share of Corporate & Democratic Core		25	38
Net Expenditure/(Income) for HRA Services HRA share of the operating income and expenditure included in the Comprehensive Income & Expenditure Statement		(24,237)	(3,906)
(Gain)/Loss on Disposal of HRA non-current assets		1,007	2,374
HRA share of interest payable & similar charges		5,479	5,606
Interest & Investment Income		(39)	(93)
Share of D.L.O./D.S.O. Surplus		(500)	(509)
Change in Market Value of Investment Properties		(3,313)	-
Income & Expenditure re Investment Properties		(122)	(125)
Capital grants and contributions receivable		-	-
(Surplus)/Deficit on HRA Services		(21,725)	3,347

Movement on the HRA Statement	2013/14 £000	2012/13 £000
Balance on HRA at end of previous year	(8,276)	(6,397)
(Surplus)/Deficit for year on HRA Income & Expenditure Statement	(21,725)	3,347
Adjustments between accounting basis and funding basis under statute (note 10)	17,394	(5,263)
Net (Increase)/Decrease before transfers to or from reserves	(4,331)	(1,916)
Transfers to/(from) reserves	112	37
(Increase)/decrease in year on HRA	(4,219)	(1,879)
Balance on HRA at end of current year	(12,495)	(8,276)

NOTES TO THE HOUSING REVENUE ACCOUNT

The Council had 9,592 dwellings available for rent during 2013/14. Its activities as a housing landlord must, by law, be shown in a separate account, the Housing Revenue Account. The law prescribes what must be included in this Account and prevents transfers to or from the General Fund except in closely defined circumstances.

1. RENT OF DWELLINGS

This is the total rent income collectable for the year after allowance is made for empty properties. During the year, £549,416 (1.55%) of rental income was lost due to vacant properties, in 2012/13 the figure was £432,094 (1.28%). The average weekly rent in 2013/14 was £77.85 (48 week year), an increase of £3.99 (5.41%) on the previous year.

2. HOUSING STOCK

The Council's housing stock at 31st March, 2014 was as follows:

	31 Mar 14	31 Mar 13
Houses	4,927	4,967
Flats & maisonettes	3,260	3,297
Bungalows	1,394	1,394
Others	11	16
Total	9,592	9,674

The number of properties sold under the 'Right to Buy' legislation in 2013/14 was 49 (37 in 2012/13).

3. RENT ARREARS

Rent arrears at the year end totalled £2,131,078. This compares with £1,979,292 at 31st March, 2013. A provision of £743,703 has been made in the Balance Sheet for uncollectable housing rent debts.

4. VALUATION OF ASSETS

An annual desk top review of HRA assets was undertaken as opposed to a comprehensive revaluation as at 31st March 2014 in accordance with the 'DCLG's Guidance on Stock Valuation for Resource Accounting'. The review comprised updating the valuations for residential property by applying selective indices of property prices, adjusted to reflect local market conditions in Chesterfield and comparison with valuation evidence, analysed down to estate level. The figure for 31st March 2013 excludes depreciation and disposals over the period.

Balance Sheet Valuations of HRA Assets		
	As at 31st March 2014 £000	As at 31st March 2013 £000
Council Dwellings	265,915	252,365
Other Land & Buildings	2,914	2,995
Vehicles, Plant, Furniture & Equipment	63	58
Assets Under Construction	585	159
Surplus Assets Not Held for Sale	1,245	1,226
Investment Properties	4,796	1,482
Investment Property Held for Sale	-	-
Other Assets Held for Sale	-	54
Total	275,518	258,339

The balance sheet valuations for dwellings in the table above are calculated on the basis of rents receivable from existing tenancies. The rents are less than those that could be obtained on the open market. The balance sheet value defined as EUV-SH is therefore less than the OMV. The difference between the two values represents the economic cost of providing social housing at less than market value.

The vacant possession value of the dwellings as at 1st April, 2013 was £742m (£752m 1st April 2012). This valuation is the authority's estimate of market value assuming the property was offered on the open market with full vacant possession. The factor used to convert the Open Market Value (OMV) of the stock to Existing Use Value – Social Housing (EUV-SH) for inclusion in the balance sheet was reduced from 50% to 34% with effect from 1st April, 2010.

5. HRA CAPITAL EXPENDITURE & FINANCING

Capital Expenditure		Capital Financing	
	£000		£000
Council Dwellings	12,283	Borrowing	-
Assets Under Construction	433	Capital Receipts Reserve	1,283
Vehicles, Plant, Machinery & Equipment	23	Major Repairs Reserve	9,082
		Grants & Contributions	2,340
		Revenue Balances & Direct Revenue Financing	34
Total	12,739		12,739

6. HRA CAPITAL RECEIPTS

HRA Capital Receipts	2013/14 £000	2012/13 £000
Dwellings – Cash Sales	2,267	1,601
Other Land & Property	-	225
Total	2,267	1,826

7. DEPRECIATION

HRA Depreciation	2013/14 £000	2012/13 £000
Council Dwellings	6,710	6,774
Other Land and Buildings	88	97
Surplus Assets Not Held for Sale	1	1
Vehicles, Plant, Furniture and Equipment	19	15
Total	6,818	6,887

8. REFCUS, REVALUATION AND IMPAIRMENT LOSSES

The following revaluation/impairment losses (or reversals of past revaluation/impairment losses) together with amounts in respect of Revenue Expenditure Funded From Capital Under Statute (REFCUS) and movements in the fair value of investment property were recognised in Surplus/Deficit on the Provision of Services and then reversed out in the Movement in Reserves Statement by means of a transfer to/from the Capital Adjustment Account.

REFCUS, Revaluation and Impairment Losses	2013/14 £000	2012/13 £000
Council Dwellings	(10,880)	8,860
Other Land and Buildings	-	-
Surplus Assets Not Held for Sale	-	-
Revaluation and Impairment Losses	(10,880)	8,860
Movements in the fair value of investment property	(3,314)	-
Total	(14,194)	8,860

9. MAJOR REPAIRS RESERVE

Major Repairs Reserve	2013/14 £000	2012/13 £000
Balance brought forward at 1 st April	-	-
Depreciation	6,818	6,887
Transfers in	2,330	1,976
Debits in respect of capital expenditure	(9,082)	(8,863)
Balance Carried Forward	66	-

10. ADJUSTMENTS BETWEEN ACCOUNTING BASIS & FUNDING BASIS UNDER REGULATIONS

	2013/14 £000	2012/13 £000
Net gain/(loss) on sale of HRA non-current assets	(1,007)	(2,374)
HRA share of contributions to or from the Pensions Reserve	(245)	(144)
Capital expenditure funded by the HRA	34	4,132
Transfer to/(from) Major Repairs Reserve	2,330	1,976
Movement in Market Value of Investment Properties (note 8)	3,314	-
Transfer to/(from) Capital Adjustment Account (note 8)	10,880	(8,860)
Voluntary Repayment of Debt	2,140	-
Short Term Accumulated Absences	(52)	7
Total Adjustments	17,394	(5,263)

COLLECTION FUND

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

2012/13		2013/14		
Total £000		Business Rates £000	Council Tax £000	Total £000
	<u>Income</u>			
(38,994)	Council Tax (Note 1)	-	(40,572)	(40,572)
(9,143)	Council Tax Benefits Subsidy	-	-	-
(35,300)	Business Rates (Note 2)	(35,925)	-	(35,925)
(83,437)		(35,925)	(40,572)	(76,497)
	<u>Expenditure</u>			
	Apportionment of Previous Year Surplus/(Deficit)			
	Central Government			
41	Chesterfield Borough Council		(12)	(12)
293	Derbyshire County Council		(83)	(83)
18	Derbyshire Fire Authority		(5)	(5)
45	Derbyshire Police & Crime Commissioner		(12)	(12)
397			(112)	(112)
	Precepts, Demands & Shares			
34,381	Central Government	17,171	-	17,171
4,975	Chesterfield Borough Council	13,736	4,240	17,976
35,349	Derbyshire County Council	3,091	29,251	32,342
2,204	Derbyshire Fire Authority	343	1,824	2,167
5,373	Derbyshire Police & Crime Commissioner	-	4,533	4,533
82,282		34,341	39,848	74,189
	Charges to Collection Fund			
	Transitional Protection Payments	207	-	207
1,023	Increase/(Decrease) in bad debt provision (Note 5)	381	182	563
	Increase/(Decrease) in provision for appeals	1,715	-	1,715
	Business Rate Deferrals	220	-	220
165	Cost of Collection Allowance	165	-	165
430	(Surplus)/Deficit arising during year	1,104	(654)	450
(197)	(Surplus)/Deficit Brought Forward	-	233	233
233	(Surplus)/Deficit as at 31st March (Notes 3 & 4)	1,104	(421)	683

COLLECTION FUND

NOTES TO THE ACCOUNTS

1. COUNCIL TAX

The Council's Tax Base i.e. the number of chargeable dwellings in each band converted to an equivalent number of Band D dwellings was calculated as follows:-

Band	Estimated No. of Properties	Ratio	Band D Equivalents
A disabled	47	5/9	26
A	15,800	6/9	10,533
B	7,998	7/9	6,221
C	5,209	8/9	4,630
D	3,275	9/9	3,275
E	1,612	11/9	1,970
F	480	13/9	693
G	188	15/9	313
H	9	18/9	18
Totals	34,618		27,679
Less adjustment for collection rate			(525)
Council Tax Base			27,154

The basic amount of Council Tax for a Band D property was £1,456.23 (£1,448.02 2012/13).

2. BUSINESS RATES

Central Government specifies the annual amount payable by businesses (47.1p in 2013/14 and 45.8p in 2012/13) and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount.

A small business rate relief scheme was introduced by central government in 2005/06 and for those businesses eligible for this relief the multiplier is reduced to 46.2p for 2013/14 (45.0p in 2012/13).

The Council is responsible for collecting business rates due in its area. In previous years the proceeds were paid into the N.N.D.R. Pool administered by the Government. The Government redistributed the sums paid into the Pool back to local authorities through the Formula Grant process each year.

From 2013/14, this has been replaced by the Business Rate Retention Scheme. Income collected is now shared between the Council, Central Government and major preceptors in proportions laid down by Government. Councils are now able to retain a share of any growth in business rate income.

The total non-domestic rateable value at 31st March 2014 was £88,670,629 (£88,225,319 as 31st March 2013).

3. COLLECTION FUND SURPLUS/(DEFICIT) – COUNCIL TAX

Surpluses or deficits relating to the Council Tax are shared between Derbyshire County Council, Derbyshire Police & Crime Commissioner, Derbyshire Fire Authority and the Borough Council in proportion to the precepts and demands issued and must be used to adjust the Council Tax. An estimated surplus of £234,633 was assumed when setting the Council Tax for 2014/15. The additional surplus of £186,646 will be recovered in the tax calculation for 2015/16.

ALLOCATION OF SURPLUS/(DEFICIT) ON COUNCIL TAX AT 31ST MARCH		
	2014 £000	2013 £000
Derbyshire County Council	309	(169)
Derbyshire Police & Crime Commissioner	48	(27)
Derbyshire Fire Authority	19	(10)
Chesterfield Borough Council	45	(27)
Council Tax (Deficit)/Surplus	421	(233)

The surplus attributed to Chesterfield Borough Council is initially included in the Comprehensive Income & Expenditure Statement, although the element that is redistributed in the tax calculation in 2015/16 is subsequently reversed out and included in the balance sheet as part of Unusable Reserves. The proportion of the collection fund attributable to the three precepting authorities is included in the accounts as a debtor.

4. COLLECTION FUND SURPLUS/(DEFICIT) – BUSINESS RATES

From 2013/14, surpluses or deficits relating to Business Rates are shared between Derbyshire County Council, Derbyshire Fire Authority, Central Government and the Borough Council in proportions fixed by Government. As this is the first year of the scheme, there is no surplus or deficit carried forward from previous years. The deficit of £1,104,452 will be recovered in the income calculation for 2015/16.

ALLOCATION OF SURPLUS/(DEFICIT) ON BUSINESS RATES AT 31ST MARCH		
	Proportionate Share	2014 £000
Derbyshire County Council	9%	(99)
Derbyshire Fire Authority	1%	(11)
Central Government	50%	(552)
Chesterfield Borough Council	40%	(442)
Council Tax (Deficit)/Surplus	100%	(1,104)

The deficit attributed to Chesterfield Borough Council is initially included in the Comprehensive Income & Expenditure Statement, although the element that is redistributed is subsequently reversed out in the balance sheet as part of Unusable Reserves. The proportion of the collection fund attributable to the other recipients is included in the accounts as a creditor.

5. **IMPAIRMENT OF DEBTS – WRITE OFFS & ALLOWANCES**

The arrears figure for Council Tax and Business Rates is disaggregated into an age profile with an assessment of the likelihood of recovery of the outstanding amounts for each year. This assessment is carried out using evidence of local patterns of collection and historical experience.

Individual assessments are carried out for council tax and business rate arrears to reflect the different types of customer and the different characteristics of each of these debt classifications.

The movements on the impairment provisions are shown below:

COLLECTION FUND – IMPAIRMENT ALLOWANCE				
Tax	Brought Forward	Write-offs in the year	Increase / (Decrease) in allowance	Carried Forward
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Business Rates	683	(328)	381	736
Council Tax	1,967	(59)	182	2,090
Total	2,650	(387)	563	2,826

6. **PRECEPTS**

Details of the major precepts on the fund are shown in the expenditure section of the account. The precept paid to Chesterfield Borough Council includes £306,033 parish precepts (Staveley £260,917 and Brimington £45,116).

DIRECT SERVICE AND OTHER TRADING ORGANISATION

SUMMARY REVENUE ACCOUNT

<u>Revenue Account</u>	2013/14			2012/13		
	Income £000	Expenditure £000	(Surplus) / Deficit £000	Income £000	Expenditure £000	(Surplus) / Deficit £000
Building Maintenance	(13,170)	12,452	(718)	(13,369)	12,683	(686)
Spirepride	(3,185)	3,113	(72)	(3,152)	3,064	(88)
Building Cleaning	(646)	640	(6)	(654)	639	(15)
PVCU Window Factory	(109)	109	-	(308)	299	(9)
Security Services	(329)	340	11	(320)	319	(1)
Total	(17,439)	16,654	(785)	(17,803)	17,004	(799)

NOTES

1. The provisions of the Local Government Planning and Land Act 1980 and the Local Government Act 1988 previously required the Council to keep separate accounts for Direct Labour and Direct Service Organisations (DSO's). Although this legislation no longer applies the Council has continued to maintain separate accounts on the old basis for all on-going contracts.
2. The income figure includes £48,804 on Building Maintenance and £21,899 on Spirepride which has been transferred from DSO's Accumulated Surpluses to reinvest in the service in the year. This means that only £714,000 (£782,000 in 2012/13) of surplus generated by the Direct Service & Other Trading Organisations is shown in the Comprehensive Income & Expenditure Statement.

AUDITORS REPORT (Covering pages 16 - 102)

Expected by 30th September 2014